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The Employer's Desk Guide to Child Support

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families
Office of Child Support Enforcement

KIRSTEIN BUSINESS BRANCH

The Employer's Desk Guide to Child Support

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Special recognition should be given to the state child support enforcement agencies that, over the years, have worked closely with their employer communities to build strong partnerships that make a true difference in this program.

Finally, we thank the employer community for their encouragement and interest in the creation of this guide and the purpose it serves in helping those who help America's children.

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Introduction

Dear Reader:

On behalf of all Americans, but especially the children of single-parent families, ***thank you!*** Employer payroll withholding accounts for two out of every three child support dollars collected from noncustodial parents. These funds not only improve the lives of the children who receive this support, but reduce the burden on all taxpayers for welfare, food stamps and other public programs.

Whether you own a small business or serve as the payroll manager for a large firm, you probably don't have time to research legal issues or investigate every court order that comes across your desk. This desk guide is intended to answer your questions about recent child support legislation, or to refer you to the right place to get the answers you need to fulfill your responsibilities under state and federal laws. The authors hope to make it easier for you to continue doing "the right thing."

How to use this desk guide

You will find practical, real-world examples sprinkled throughout this guide and symbols that highlight critical points. Although both lawyers and child support officials have carefully checked the content for accuracy, issues are raised and resolved in language aimed at business people, not lawyers. Because we know you are busy, we have also tried to design a format that that should make it easy to find the information you are looking for.

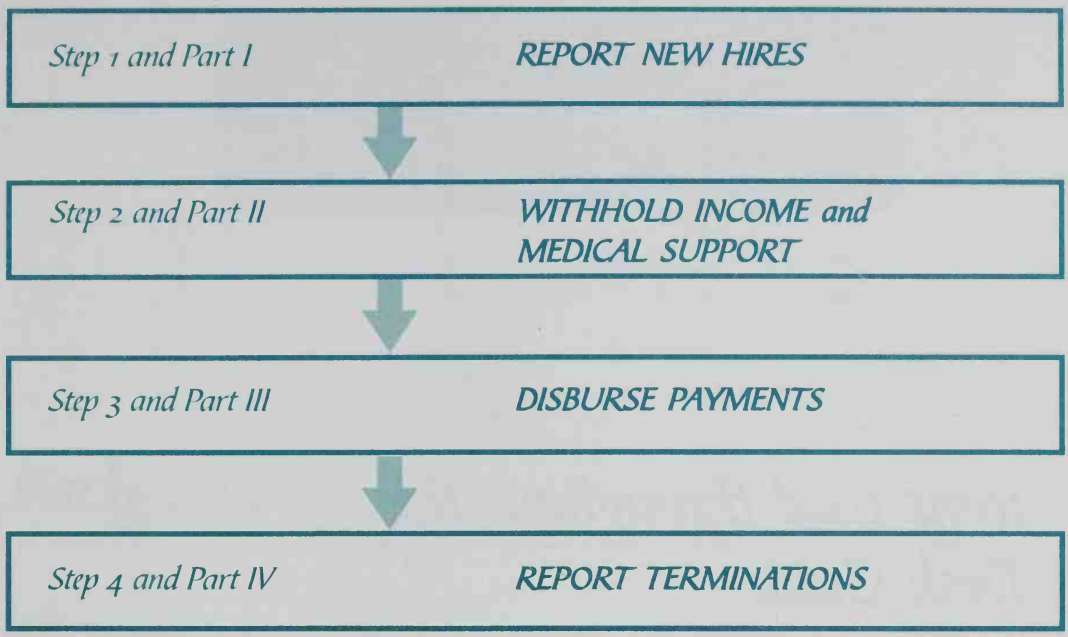
Feel free to use this desk guide as a:

- *Textbook*...if you are a payroll, human resource, or legal professional who needs to start from scratch in understanding current child support processes. In that case, we suggest that you skim-read the book from front to back, slowing down to study the answers to frequently asked questions at the end of each major section of the guide.
- *Reference*...if you are puzzling over a specific child support issue. Check the Table of Contents first, then the Index, to point you directly to the topic you are researching. Don't overlook the appendices, where a wealth of data is available.
- *Professional resource*...if you are a staff member of a child support-related agency who wants to review the responsibilities and practices of the employer community with respect to child support.

Organization of this desk guide

The Overview briefly reviews the history of employer involvement in child support, emphasizing recent changes in the law likely to affect your company's procedures. Feel free to skip the Overview if you have no interest in this background or are already familiar with it.

Following that section, the contents of this desk guide are sequenced to reflect *the four major steps that employers must take* to implement requirements for employees who are obligated to pay child support. As shown in the graphic below, these steps begin when the obligated employee joins the firm, continue through the calculation of child support and medical support payments, to actually disbursing those required payments and, finally, reporting employee terminations.


Step 1 and Part I
REPORT NEW HIRES
Step 2 and Part II
WITHHOLD INCOME and MEDICAL SUPPORT
Step 3 and Part III
DISBURSE PAYMENTS
Step 4 and Part IV
REPORT TERMINATIONS

Mirroring the diagram, this desk guide consists of four steps/parts, each containing specific chapters related to the major task. Each part opens with a brief overview chapter and closes with a question-and-answer chapter to review common concerns about the issues covered in the preceding step/part.

The appendices to this desk guide provide quick-look-up material on:

- Employee rights and responsibilities.
- State-specific requirements and resources.
- Federal legislation.
- Glossary of terms.

Icons used throughout this Desk Guide

The authors have marked the margins with special symbols to call your attention to especially important points:

Key definition...This icon denotes a word or phrase that may not be part of your everyday vocabulary, or it may have a special meaning in the world of child support.

Tip... This suggestion could save you time and effort.

Keep in mind...At risk of repeating ourselves, this reminder may be useful in the context of what you are reading.

Proceed with caution...There may be pitfalls here. Again, you could save yourself time and wasted energy by heeding this warning.

Overview

Background

The financial and emotional abandonment of children is not solely a local issue—it is a national problem. Although high rates of divorce, separation, and out-of-wedlock births have transformed the setting in which many children are being raised, these children need and deserve support from both parents.

The Child Support Enforcement Program has been at work since 1975, when it was established by Congress under Title IV-D of the Social Security Act to collect support payments for children in single-parent (or single-guardian) families. Although it has expanded greatly since its inception, the program's goals are still to ensure that children are supported financially by both parents and to reduce public assistance expenditures.

Employers play an essential role in ensuring that children are financially supported by noncustodial parents. In fact, more than 60% of the dollars collected in child support come from income withholding by employers. In 1998, this amounted to more than $8.6 billion.

In addition to financial support, the Child Support Enforcement Program also ensures that medical support is provided to children. Providing health care insurance coverage through an employer's plan is another form of child support.

Employers also help all Americans by reducing public assistance expenditures. By withholding child support payments, employers ensure that these dollars go to the families that need them. As a result, fewer families need public assistance or other publicly funded social services such as food stamps.

Key definitions:

Throughout this desk guide, the term **custodial party** is used as shorthand to denote the person who has custody of a dependent child and with whom that child lives. This person may be a parent, another relative, or an unrelated legal guardian.

The **noncustodial parent** —your employee —is obligated to contribute to the financial support of a child who lives with a custodial party.

(In some instances, there can be two noncustodial parents, the mother and the father, if the custodial party is a relative or legal guardian. Parents can also have joint custody, in which case there would be an "obligated party" rather than a noncustodial parent. Noncustodial parent will be used throughout this guide for the sake of readability.)

Key definition:

When we refer to a **court order** to pay child support, it connotes orders from a court, an administrative tribunal, or an agency authorized by the state to impose and enforce such an order.

Cooperation between employers and Child Support Enforcement Agencies may be the best working model of an effective public-private partnership in America today.

Recent changes in child support enforcement

Recent legislation and other program changes have affected the role of employers. Key changes since 1994 include:

- Implementation of a national New Hire Reporting Program.
- Adoption of a standard nationwide income withholding order/notice.
- Expanded definition of "income."
- Requirement that the states establish centralized payment collection units.
- Encouragement for use of electronic funds transfer (EFT) and electronic data interchange (EDI).
- Adoption of the Uniform Interstate Family Support Act (UIFSA).
- Requirement that state child support enforcement agencies include a provision for health care coverage in all new orders.

Details of these new developments are discussed in relevant chapters throughout the desk guide. In all cases, we focus on the impact of these changes from the employer's point of view.

New Hire Reporting Program

New hire reporting is the process by which you, as an employer, give a designated state government agency some basic information about any person you

have recently added to your payroll. The state agency does two things with this information:

- First, the agency compares the information you have submitted against current state child support files to locate parents, establish paternity, issue a child support order, or enforce an existing child support order.
- Second, the agency promptly passes on your new hire information to the National Directory of New Hires, a component of the Federal Parent Locator Service within the federal Office of Child Support Enforcement. This service then compares the data from your state with child support information from other states and, when a match is found, provides the information to the other state agencies.

Welfare reform—more precisely, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—requires all employers to submit new employee information within 20 days of the employee's start date. Some states have set an earlier reporting deadline.

Part I of this desk guide explains the employer's responsibilities under the New Hire Reporting Program as follows:

- Chapter 1: Legal requirements.
- Chapter 2: Single-state versus multi-state employers.
- Chapter 3: Verification requests.
- Chapter 4: Q&A on new hire reporting.

Proceed with caution:

As with any process that involves the interpretation of state or federal legislation, handling some child support cases may require employers to seek legal advice. While this guide aims to assist employers in understanding basic child support requirements, it is not intended to replace legal advice or counsel.

Key definition:

Throughout this desk guide, the word **state** encompasses the District of Columbia and U.S. Territories, as well as the 50 states.

Standardized notification form

In 1997, the federal government published a standardized form, called Order/Notice to Withhold

Income for Child Support, which all the states were required to use starting in 1998.

This form tells you, the employer, that you must begin withholding funds from an obligated employee's paycheck, beginning no later than a given date. The form also specifies how much to withhold and for what purpose, such as current support, past-due support, and medical support. The same form tells you where and how to remit the withheld funds to a given agency or (in rare cases) to a given individual. Finally, the form advises you on what to do if the obligated employee leaves your firm.

Prior to the standardized Order/Notice form, many different forms were being used around the country. You may have spent considerable time trying to figure out what each form required!

Part II of this desk guide explores the many facets of income withholding for child support. It includes the following:

- Chapter 5: Handling an Order/Notice to Withhold Income for Child Support.
- Chapter 6: Calculating disposable income.
- Chapter 7: Treating pre-tax deductions, imputed income, and tips.
- Chapter 8: Calculating medical insurance support.
- Chapter 9: Prioritizing required deductions.
- Chapter 10: Q&A on withholding income.

Uniform Interstate Family Support Act (UIFSA)

This recent federal law is discussed in relevant sections throughout this desk guide. Chapter 5 discusses UIFSA in some detail. The key importance of

UIFSA—which has been enacted in all states, the District of Columbia and U.S. territories—is its control over all child support cases where the custodial party and the noncustodial parent live in different states.

Centralized collections and EFT/EDI standards

By October 1999, every state must have in place a central State Disbursement Unit, to which employers will send most child support payments. This requirement was designed to simplify remittance processing for employers.

Furthermore, most large employers agree that electronic funds transfer (EFT) and electronic data interchange (EDI) are the most cost-efficient ways to communicate with government child support agencies. For the sake of consistency, many states have adopted national EFT/EDI standards. These and alternative methods of payment are discussed in Part III, as follows:

- Chapter 11: Remitting child support payments.
- Chapter 12: Using EFT/EDI.
- Chapter 13: Q&A on disbursing payments.

Reporting terminated employees

For purposes of this guide, "terminated" employees are those who quit, are laid off and not returning, or are fired from your company. Part IV of this desk guide focuses on employer reporting responsibilities when an employee with child support obligations leaves the firm for any reason. The pertinent chapters are:

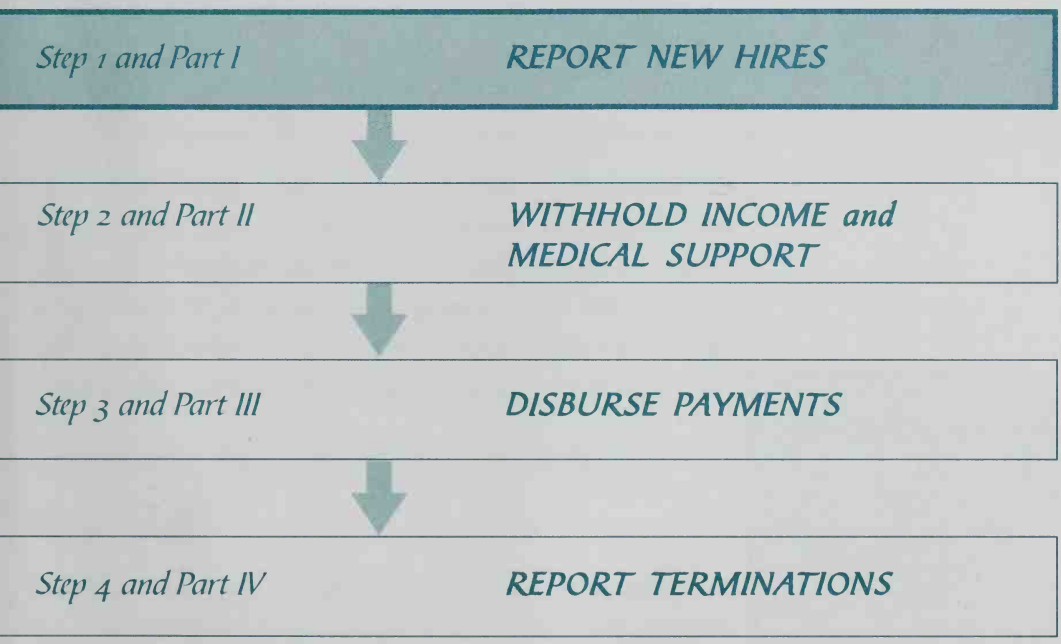
- Chapter 14: Legal requirements.
- Chapter 15: Rules for rehires.
- Chapter 16: Q&A on reporting terminations.

To help you track your child support-related tasks, a checklist is provided.

EMPLOYER CHECKLIST

for child support withholding

- ❑ Determine validity and completeness of Order/Notice to Withhold Income for Child Support.
- ❑ Locate the employee named in the Order/Notice, and if required by state law, provide him/her with a copy of the Order/Notice.
- ❑ At next payroll cycle, calculate allowable disposable income, following the applicable CCPA limits.
- ❑ If no federal tax levy is already in place against your employee's earnings, withhold the maximum allowable disposable income needed to satisfy the child support obligation, and your administrative fee, if any. (If federal tax levy is in place, refer to Example 9F.)
- ❑ Send amount withheld together with identifying information to the receiving agency designated in the Order/Notice to Withhold.
- ❑ If employee no longer receives payments from you, notify the receiving agency in writing.


Step 1 and Part I
REPORT NEW HIRES
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Part 1: Report New Hires

Chapter 1: Legal requirements

Employers send reports to many governmental agencies—at the federal, state, and sometimes the local level. By law, employers must report wages, benefit information, employee EEO information, and various other data. Now another requirement has been added: a report of all newly hired employees.

Purposes and benefits of new hire reporting

State Child Support Enforcement Agencies match new hire reports from employers against their child support records to locate parents, establish paternity, establish a child support order, or enforce an existing order. New hire reports enable state child support enforcement agencies to issue income "withholding orders"—the most effective means of collecting child support—much more quickly.

State agencies may also conduct matches between their new hire databases and certain other state programs, such as public assistance, unemployment, and worker's compensation files, to prevent or detect unlawful or erroneous benefit payments to individuals.

Each state promptly submits its new hire reports to the National Directory of New Hires, a component of the Federal Parent Locator Service (FPLS) within the

Key definitions:

A **new hire** is an individual who is considered to be an employee from the perspective of federal income tax withholding. To put it another way, a new hire is anyone who must fill out a W-4 form before he or she can be paid.

New hire reporting is the process by which you, as an employer, report information to a designated state agency soon after a new employee fills out his or her W-4.

federal Office of Child Support Enforcement. (Agencies of the federal government report their new hires directly to the National Directory of New Hires.) The FPLS compares the new hire data it receives, along with other state employment information, against child support information from different states to help locate noncustodial parents. When there is a match, the FPLS provides the information on the whereabouts of the "missing" parent to other state child support agencies.

The FPLS serves as a valuable tool for states in locating parents who are not providing support for their children. It is especially effective in interstate cases—the most difficult cases for states to handle. With new hire reporting, states will realize an increase of millions of dollars in child support collections.

In addition, a direct result of new hire reporting will be the reduction and prevention of fraudulent unemployment and workers' compensation payments. Timely receipt of new hire data allows each state to cross-match this data against its active unemployment claimant files and either stop payments or recover erroneous payments. Some states have already reported unemployment benefit savings in the millions of dollars. With full employer cooperation, significant savings are expected to accrue in the future.

Origin of the New Hire Reporting Program

The New Hire Reporting Program was mandated by welfare reform—the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Although some states already had new hire reporting programs in place, federal and state laws now require employers, nationwide, to report certain basic information to a designated state agency. States have the option of requiring additional information beyond the minimum.

As of October 1998, new hire reporting was in effect in all states.

Minimum reporting requirements

Federal law requires employers to collect and transmit specific information, as shown in Table 1-l, to fulfill their new hire reporting responsibilities:

Table 1-1: Federal law requires six data elements for new hire reporting.

Data Element	Definition*
Employee name	Full name of new employee associated with that employee's Social Security number
Employee address	Current residence address of the new employee
Employee Social Security number	Nine-digit number assigned to the employee by the Social Security Administration
Employer name	Name associated with the Federal Employer Identification Number (FEIN)
Employer address	Address associated with the FEIN
Federal Employer Identification Number	Number assigned to the employer by the Internal Revenue Service

* *For technical definitions of these terms, refer to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*

Payroll professionals will recognize that these data elements are identical to those collected on the federal W-4 form, required from all new employees in order to add them to the firm's payroll roster. Accordingly, many employers send photocopies and carbon copies of the W-4 by mail or by fax as their official new hire report.

Proceed with caution:

Some states require **additional** information beyond the six data elements listed in Table 1-1. Contact your state's New Hire Reporting Program Office for specific instructions. The telephone number is listed in Appendix B-3.

In addition, many states accept, at the employer's option, input through the following media:

- Employer-designed reports or state forms.
- Automated or interactive telephone systems.
- E-mail over the Internet.
- Other electronic or magnetic media.

Due date for new hire reports

According to federal law, employers must submit information on every new hire within 20 days of the date of hire, unless the submission is made electronically or magnetically.

An employer who elects to report electronically or by magnetic medium must send two monthly transmissions (if necessary, based on the volume of hiring) not less than 12 days nor more than 16 days apart.

Key definition:

Date of hire is the first day that an employee works for pay. This is also the date the employer recognizes as the first day for income tax withholding purposes.

Penalties for noncompliance

The New Hire Reporting Program promises to save the nation's taxpayers—individuals and businesses as well—huge expenditures on public assistance and other programs. But there is another good reason for employers to comply with reporting requirements: federal law allows the states to impose penalties for noncompliance.

If a state chooses to penalize employers financially for failure to report their new hires, the fine may not exceed $25 per newly hired employee. However, if the state finds that there is a conspiracy between the employer and the employee to avoid reporting, the penalty may go as high as $500 per newly hired employee.

Suggestions for implementing your new hire reporting process

As mentioned above, many states will accept new hire reports in a variety of forms to simplify employer compliance. The best reporting method for your company will depend on the size of your organization, the states in which you employ people, and your technology base. You should also consider your status as a "single-state" or "multi-state" employer (see Chapter 2, *Single-state versus multi-state employers* for a complete discussion).

You may wish to consider the following implementation options:

Option 1: Copy the federal W-4 form and mail or fax it to the state's New Hire Reporting Program Office.

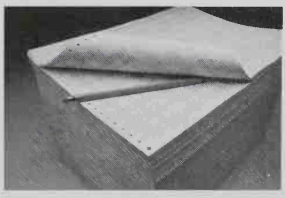
This option works best for organizations with low employee turnover, although the costs of postage and handling must be considered. There may also be issues of completeness and legibility of the form, which is most often hand-written by the employee. If the state agency cannot decipher the data, the form may be returned to the employer. This will force the employer and employee to begin the paperwork all over again, because no changes can be made on the W-4 form.

Option 2: Provide information on a state-supplied form.

This option works well for smaller organizations with minimal turnover. The employer avoids the cost of creating a new business form, and the state is assured of receiving standard input into its data base. This option also minimizes omission errors.

Proceed with caution:

Some states have imposed earlier deadlines for new hire reports. Contact your state's New Hire Reporting Program Office for specific requirements. The telephone number is listed in Appendix B-3.



Option 3: Send information over the Internet or on a diskette.

An electronic medium may save the employer time-consuming manual tasks. This low-cost option works for nearly any size company, assuming the firm already has a minimal level of automation. It also reduces data entry errors and saves the employer from having to correct reports returned by the state. However, because the states use various formats for presenting automated or e-mailed new hire reports, this option could present problems for an employer reporting to more than one state.

Tip:

Beyond these commonly used alternatives, contact your state's New Hire Reporting Program Office for further information. Appendix B-3 provides contact information by state.

Option 4: Transmit a magnetic tape.

This option is generally used in larger firms with sizable computer systems that can handle transmission of large data sets. In most cases, the costs of programming and tape/transmission production are minimal.

Privacy and the New Hire Reporting Program

Security and privacy of new hire data are important issues for all those involved in the implementation of this nationwide program. Federal law requires all states to establish safeguards for confidential information handled by the state agency. All state data is transmitted over secure and dedicated lines to the National Directory of New Hires.

At the federal level, the Secretary of the U.S. Department of Health and Human Services has established and implemented safeguards with respect to the FPLS that:

- Ensure the accuracy and completeness of information in the FPLS.
- Restrict access to confidential information in the FPLS to authorized persons and purposes.

Chapter 2:
Single-state versus multi-state employers

Every employer falls into one of two categories recognized by the New Hire Reporting Program:

- **Single-state employers** hire and employ people within one state. Such an employer is required to report all new hires to the state in which it does business, which is the same state where all its employees work.
- **Multi-state employers** hire and employ people in two or more states. Such an employer conducts business within each state, and reports its employees for state unemployment insurance to the states where they work.

Multi-state reporting options

Multi-state employers can select one of the following reporting options:

1. Report newly-hired employees to the various states in which they are working, following the distinctive New Hire Reporting Program regulations, requirements, and timeframes of each state; **or**
2. Select one state where employees are working and report all new hires to that state's New Hire Reporting Program Office. (Note: this option is not available to multi-state payroll service companies reporting on behalf of their customers unless those customers are multi-state employers and have requested this option.)

If your firm chooses option #2, you must submit your new hire reports electronically or magnetically. We recommend that you contact the state agency to which you will be reporting to secure its current electronic data specifications.

Above all, remember that you may *not* report using both multi-state and single-state methods.

Multi-state federal registration

Multi-state employers who decide to report all their new hires to a single state (option #2) must tell the federal Department of Health and Human Services which state they have designated to receive all their new hire information. There is a good reason for this reporting requirement: The National Directory of New Hires maintains a list of those multi-state employers who have elected to use single-state notification. The designated reporting locations chosen by each of these employers can then be made available to all states so they know where their state's new hires are being reported.

This notification may take place in one of three ways:

1. Mail or fax the notification to:

   Department of Health and Human Services
   Office of Child Support Enforcement
   Multi-state Employer Registration
   Box 509
   Randallstown, MD 21133
   Fax: (410) 277-9325

Include the following information:

- Federal Employer Identification Number (FEIN).
- Employer's name, address, and telephone number related to the FEIN.
- State selected for reporting purposes.
- Other states in which the company has employees.
- Corporate contact person.
- If the company is reporting new hires on behalf of subsidiaries operating under different names and FEINs, list the names, FEINs, and states where those subsidiaries have employees working.

2. Use a specially designed form that has space for all of the information listed above. The "Multi-state Employer Notification Form for New Hire Reporting" is reproduced in Appendix D, or call (202) 410-9267 to request a full-size copy of the form, or download a copy from the OCSE web site:

   http://www.acf.dhhs.gov/programs/cse/newhire/employ/emult.htm

3. Provide this information interactively at the above web site.

For more details, please refer to Appendices B-1 and B-3.

Chapter 3: Verification requests

Employers are routinely asked to verify the employment status, wages, and benefits of their employees. These requests for information come from a variety of sources: credit card and mortgage companies, employment agencies, and so on.

This chapter discusses employment verifications as they apply to the child support enforcement process. A sample of such a request is shown at the end of the chapter.

Child support enforcement agencies have the authority to locate noncustodial parents and their financial assets. State and federal laws require employers to provide this information promptly and as fully as possible when a verification request is received. Note that one of the many benefits of the New Hire Reporting Program (see Chapter 1) is that it is likely to reduce the number of employment verification requests that employers will need to answer. New hire data is so up-to-date that states can immediately take the next step without needing to verify employment information.

Most verification requests or notices pertain to one or more of three subjects:

- Location.
- Financial Resources.
- Medical Support.

Location verifications

Child support agencies search for individuals to serve them with child support orders or deliver other official correspondence. Requests for information can come in the form of letters, subpoenas, state-issued forms, or attorney requests.

Beyond understanding the requirements in each state where your firm operates as an employer, you should attempt to verify the authority of the requesting party before processing it. Questions to consider include:

- Is this an official document coming from a court or government agency?
- Which items in the request require a response and which may be optional?

Employers must balance their concern for the privacy of the named employee with the requirements of the law. Please see Appendix A, *Employee rights and responsibilities*, for further discussion of this sensitive balance.

Financial resources verifications

Employers also receive requests to verify the financial resources of noncustodial parents. Sometimes these requests are combined with location verifications, and many of the same issues are involved.

Medical support verifications

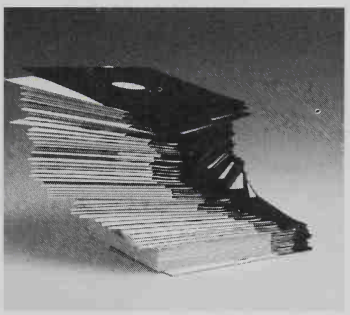
Another common verification form is called an Employer's Disclosure of Income and Health Insurance Information. (The name may vary from state to state.) This type of information is used by child support enforcement agencies to determine the proper medical support obligations in a case. It may also serve as a financial resources verification.

Options for responding to verification requests

Because there is no consistency in how states request information, employers often must complete these forms manually. In addition, when the information requested is not readily available, it might take time for the employer to respond to the state agency. Yet, state agencies depend on timely responses from employers.

Employers have devised alternative ways to meet the challenge of responding quickly to different verification forms:

- Some firms have developed their own internal standard response form to be attached to any verification request as it is received. However, if the response form fails to provide all the requested information, the company may end up responding multiple times to the same request.
- Be wary of off-the-shelf software that claims to meet all the requirements of every state for verification responses.
- Still other companies outsource the handling of employment verifications to vendors offering this service. At the outset, the vendor will require certain data about every employee and then communicate by phone (or other means) with the various requesting agencies without bothering you, the employer. However, some employers, as a matter of policy, hesitate to divulge payroll information to an outside vendor.



These options may reduce your firm's overhead by reducing manual processes used to complete each verification. In considering their adoption, your top priority should always be to provide the appropriate information fully, accurately, and promptly to the authorized requesting agency.

Sample verification request

As shown in the example on the next page, from the Commonwealth of Virginia, a state Child Support Enforcement Agency may request many pieces of information to acquire financial information about a noncustodial parent. The employer should provide as complete a response as possible and fully detail the reasons for any question that cannot be answered.

Figure 3-1: This sample verification request indicates the level of detail some states require.

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF CHILD SUPPORT ENFORCEMENT

Employer Information Request

HAMPTON CITY SCHOOL BOARD
1819 NICK AVE
HAMPTON, VA 23773

DATE
RE: JOHN DOE
DCSE #: 0000004444
SSN: 123-45-6789

Dear Sir:

The Division of Child Support Enforcement is required by federal regulation and Virginia State statutes, as referenced below, to secure support for those children receiving public assistance under the Temporary Assistance for Needy Families Program (TANF) and for those children on whose behalf support enforcement services have been requested. State law and federal regulations referenced below authorize the disclosure of this information.

In order to do this, we would appreciate any information you could provide regarding the above named individual whom we believe to be employed currently or in the past with your firm. Please fill in the information requested below and return this form. This information is considered confidential and will be used solely for the purpose of enforcing a child support obligation.

District Office
VIRGINIA BEACH DISTRICT
PEMBROKE OFFICE PARK
PEMBROKE III SUITE 30

Sincerely,
James Smith
Authorized Representative
Telephone: (804) 333-4444

Figure 3-1 (continued)

1. Complete name (include maiden name, if applicable): _____
2. Social Security number: _____ Date of Birth: _____
3. Current or last known address: _____

   Home phone #: _____
4. Status of his/her employment with your company: _____
5. Dates of employment and position held: _____
6. Current or last known pay: Gross Amt._____

   Net Amt. _____ per pay period.

   Payroll frequency: Weekly _____ Bi-Weekly _____

   Semi-Monthly _____ Monthly _____

   Day of Week paid: _____
7. Are there payroll deductions per pay period?

   If yes, please list amount and type: _____
8. Name(s) of dependent(s) claimed for tax purposes and for medical insurance purposes:

   _____
9. Does employee have medical insurance? Yes____ No____
10. Is health insurance available for the employee's dependents? Yes_____ No _____
11. If yes, please give name of the insurance company: _____,

    policy number _____, and name(s) of dependent(s) covered by the policy:

    _____
12. Please state the cost of health insurance coverage the employee is paying now:

    $_____ per_____ and the cost of health insurance coverage

    for the employee if additional dependents are added to the policy

    $_____ per _____.
13. Does this employee have any withholding of earnings orders against his wages?

    _____

    If yes, please list how many _____
14. If terminated, name of prospective employers requesting references:

    Date_____ References _____

    _____

Figure 3-1 (continued)

15. Bonuses or other types of income periodically paid to employee: $_____

    Date paid: _____

16. Other: _____

    _____

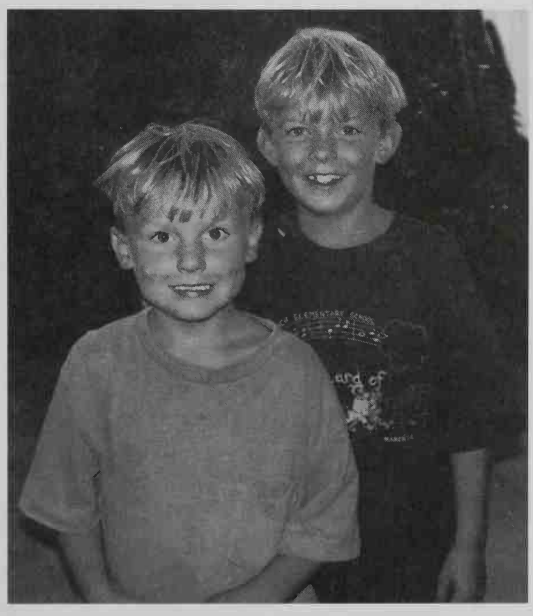
Information provided by:

_____
(Signature)

_____
(Name-please print)

_____
(Telephone)

_____
(Date)



Chapter 4: Q&A on new hire reporting

1. What is the definition of employee for new hire reporting purposes?

An individual who is considered an employee for the purposes of federal income tax withholding from wages is also an employee for new hire reporting purposes.

Chapter 24 of the Internal Revenue Code and related regulations define an employee as an individual performing services if the relationship between the individual and the person for whom the services are performed is the legal relationship of employer and employee. Generally, the legal relationship of employer and employee exists when the person for whom the services are performed has the right to control and direct the individual who performs the services and wages received for the work performed. It is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if he or she has the right to do so.

2. What is the definition of employer for new hire reporting purposes?

Federal legislation states that an employer for new hire reporting purposes is the same as for federal income tax purposes (as defined by Section 3401(d) of the Internal Revenue Code of 1986) and includes any governmental entity or labor organization. At a minimum, in any case where an employer is required to give an individual a W-2 form, the employer must meet the new hire reporting requirements.

3. *What is considered to be the date of hire?*

The date of hire is the first day in which that person performs services for pay—i.e., the first day of work. This is also the date the employer recognizes as the first day for income tax withholding.

4. *Can the states require employers to report more extensive information about newly hired employees than what the federal government requires?*

Yes. However, any requirement that employers report information beyond the six federally mandated data elements must be made under authority of state law.

5. *How soon must I submit a report after hiring someone?*

Federal law mandates that new hires be reported within 20 days of the date of hire. However, states are given the option of establishing reporting timeframes that may be shorter than 20 days. You must adhere to the reporting timeframe of the state to which you report. Be sure to check with your state new hire contact to learn your state's requirements.

6. *What form do I use to send in my new hire reports?*

Reports can be made either on a copy of the W-4 form or, at your option, an equivalent form developed by you. A state may develop an alternate form for reporting, but its use is optional.

7. *What address should be reported as the "employer address?"*

By IRS rules, you must report the address associated with your FEIN. It is strongly recommended that the payroll office address for the newly hired employee also be reported, if it is different from the FEIN address.

8. *How long will the federal government keep new hire, quarterly wage and unemployment compensation data on file?*

Information provided to the National Directory of New Hires is deleted from the database 24 months after the date of entry.

9. Does the federal government check for errors in Social Security numbers in the new hire reports submitted by the states?

Social Security numbers (SSNs) on all new hire reports sent to the National Directory of New Hires (NDNH) must be verified by the Social Security Administration (SSA). Unverified SSNs are not posted to the NDNH.

10. Can I submit a new hire report without using an employee's Social Security number?

No. The SSN is a required data element in the new hire report. Using an SSN in new hire reports is important for a number of reasons. Before state new hire records are submitted to the NDNH, the Social Security Administration verifies the name and SSN combination you provided to the State Directory of New Hires with the SSA master file of correct SSNs. If the combination submitted by you does not correspond to SSA's file, the new hire report is not entered into the NDNH.

Correct SSN data is also important because new hire records are used for crossmatching with outstanding child support cases, and with unemployment insurance and benefit claims at the state and national levels. These crossmatches are performed using the SSN as a key field. Therefore, it is critical that you use only a valid SSN. Do not use an Individual Taxpayer Identification Number or Resident Alien ("green card") number in place of the SSN.

11. How can I ensure that the SSN and employee name match?

Ask to see your employee's Social Security card and enter the full name and SSN *exactly* as they appear on the card. For example, do not enter "Bob" on the new hire report if his card reads "Robert." If your employee has changed his or her name (for example, from maiden to married) and has not notified SSA, ask the employee to call SSA at (800) 772-1213, or contact any Social Security office.

12. What if my employee does not have a Social Security number?

Any individual eligible to work in the United States, including a Resident Alien, is entitled to receive a Social Security number and a Social Security card. If your employee does not have, or has lost, his or her SSN or Social Security card, instruct the employee to call the Social Security Administration at (800) 772-1213,

or contact any Social Security office. Ask the employee to return with his or her new or duplicate Social Security card so that you can update your records and keep them accurate.

13. If I layoff and then rehire an employee, or an employee returns after a leave of absence, do I need to send in another new hire report?

An easy rule of thumb to help you remember when to report a new hire: If the employee returning to work is required to complete a new W-4 form, the employer must report the individual as a new hire to the State Directory of New Hires. If, however, the returning employee had not been formally terminated or removed from payroll records, there is no need to report that individual as a new hire.

14. Do I need to submit a new hire report for independent contractors performing services for me?

You must first make the determination of whether or not there is an existing employer/employee relationship. If the work being performed is based on a contract rather than an employer/employee relationship, under federal law you are not required to report. In such a circumstance, the contractor is responsible for reporting his/her employees; **however, states have the option to require the new hire reporting of independent contractors.** Check with your state new hire contact for state-specific requirements.

15. Are placement agencies or temporary employment agencies that place individuals with third parties required to report the employee as a new hire?

If your agency simply refers individuals for employment and does not pay salaries, new hire reports are not necessary. However, the organization that actually hires and pays the individual, whether on a part-time or full-time basis, will be required to report the new hire information.

If your agency is paying wages to the individual, you must submit a new hire report. The individual needs to be reported only once, except when there is a break in service from your agency and a new W-4 form is required.

16. Are labor organizations and hiring halls required to report their members under the New Hire Reporting Program?

Labor organizations and hiring halls must report their own employees, that is, individuals who work directly for, and are paid by, the labor organization or hiring hall. As with a temporary employment agency, if the labor organization or hiring hall simply refers individuals for employment, a new hire report does not need to be filed.

17. Should we report new hires who quit before the reporting deadline?

Yes. Because an employer/employee relationship existed and wages were earned, you must submit a new hire report. Even though the employment period was short, the reported information may be the key to locating a delinquent noncustodial parent.

18. Can a state impose higher penalties on employers for noncompliance than those specified in the federal welfare reform law?

No. States may impose civil monetary penalties for noncompliance, but federal law sets a limit of $25 per newly hired employee. If there is a conspiracy between the employer and employee not to report, the penalty may not exceed $500 per newly hired employee. States may also impose nonmonetary civil penalties under state law for noncompliance.

19. Do State Employment Security Agencies have access to the data in the National Directory of New Hires?

No. Federal law strictly limits authorized disclosures of data entered into the National Directory of New Hires to the following:

- State agencies administering the Child Support Enforcement Program and the Temporary Assistance for Needy Families (TANF) Program.
- The Secretary of the Treasury for purposes of administering the Earned Income Tax Credit Program.
- The Commissioner of Social Security for purposes of administering Social Security programs.

- Duly authorized persons for the purposes of establishing parentage and setting the amount of, modifying, or enforcing child support orders.

Federal law requires the Secretary of the Department of Health and Human Services to establish and implement safeguards to protect the integrity and security of information in the NDNH and to restrict access to and use of the information to authorized persons and for authorized purposes.

20. Who has access to the State Directory of New Hires?

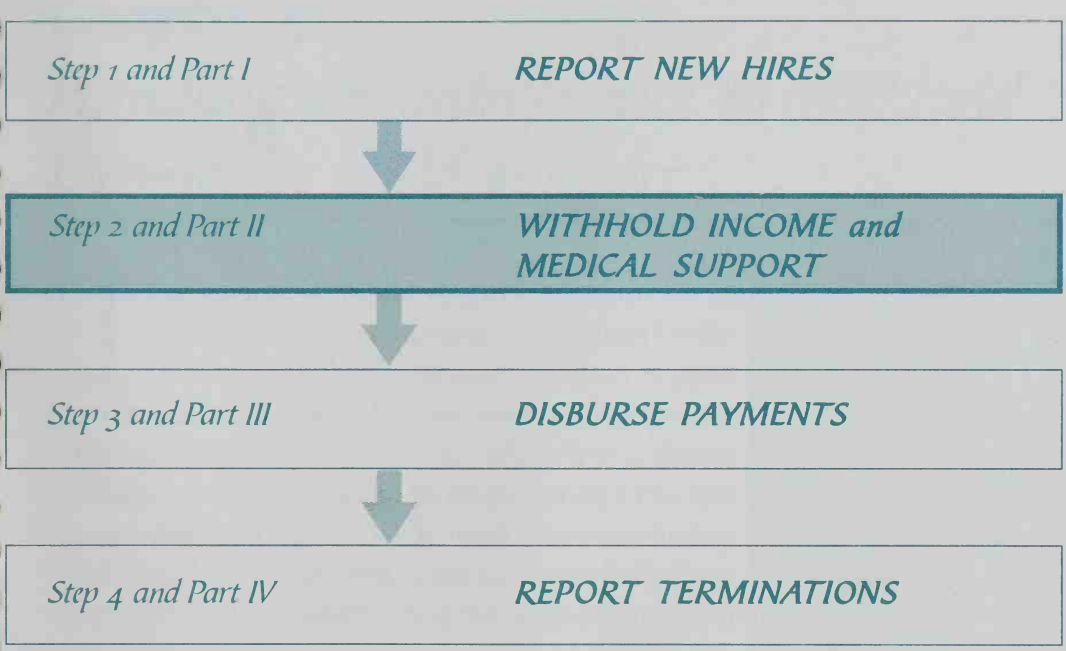
New hire reports submitted to the State Directory of New Hires (SDNH) by employers are available to those state agencies that need to verify eligibility for such income support programs as public assistance, employment security and workers' compensation, as allowed by state law. State law may allow access to other state agencies. Federal law requires all states to establish appropriate safeguards for confidential information handled by state agencies.

21. Are there any exemptions from new hire reporting?

Yes. The law exempts federal or state agencies from reporting new hires of employees who perform intelligence or counterintelligence functions "if the head of such agency has determined that reporting [new hires] ... could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission." This exemption does not apply to local or county employees.

22. Isn't the new hire information available through quarterly wage reporting?

Quarterly wage data is often out-of-date before the child support office receives the information. There can be as much as a six-month lag between the time the data is submitted and when it is available to the child support office. With new hire reporting, the data is available within a significantly shorter time period. Because the data is more current, noncustodial parents can be located faster, allowing child support orders to be established and/or enforced more quickly.


Step 1 and Part I
REPORT NEW HIRES
Step 2 and Part II
WITHHOLD INCOME and MEDICAL SUPPORT
Step 3 and Part III
DISBURSE PAYMENTS
Step 4 and Part IV
REPORT TERMINATIONS

Part II: Withhold Income and Medical Support

Chapter 5: Handling an order/notice to withhold income for child support

The income withholding process begins for an employer when a document, called an Order/Notice to Withhold Income for Child Support (or equivalent state form), is received by an employer in the same or another state from which it was issued. Orders may be delivered to an employer by first-class or certified mail, by fax, or by hand – as permitted by your state law. Occasionally, the noncustodial parent/employee will personally bring the withholding order to the payroll office.

Before November 1, 1990, court or administrative orders requiring employers to withhold the child support obligation from an employee's paycheck were primarily punitive. Such action typically was applied to noncustodial parents who were in arrears in meeting their child support obligation.

However, every support order entered or modified after November 1, 1990, and enforced by the Child Support Enforcement Agency, was automatically subject to income withholding, whether or not the employee was current in his or her support payments.

Key definitions:

Income is defined as any periodic form of payment due to an individual, regardless of source, including wages and salaries, commissions, bonuses, workers' compensation, disability, payments pursuant to a pension or retirement program, and interest.

Income should be distinguished from **disposable income**, which is the amount of earnings remaining after subtracting certain mandatory deductions from an employee's gross pay.

Key definitions (continued):

Income withholding—also known as wage withholding, wage assignment, income deductions, and withholding from earnings—is the court- or administrative agency-ordered deduction of a child support obligation from a noncustodial parent's income. The employer deducts the specified amount each pay period and generally sends it to the state Child Support Enforcement Agency responsible for receiving and accounting for child support. The receiving Child Support Enforcement Agency forwards the support payment to the child's custodian and/or applies it to arrears owed to the state.

Since January 1, 1994, *all* actions relating to the financial support of a child have *required* an immediate income withholding order issue. The income withholding order must be served immediately on the employer unless the parties can show good cause as to why that is not necessary and establish some other method (such as posting a bond) to ensure that the support obligation is met in full and on time.

While some arrearage-based withholding orders were and will continue to be issued on old orders, the payment of the child support obligation directly from the employer to the issuing court or agency was designed to ensure timely support payments without stigmatizing the obligor as a "deadbeat." As a result, attitudes have changed, and most payroll professionals treat child support withholding as they would any other required deduction, such as income or Social Security taxes.

A second major change for employers results from the passage of the Uniform Interstate Family Support Act (UIFSA), enacted by every state as of 1998. UIFSA expands an employer's duty to withhold to include receipt of a withholding order issued from another state, so long as it is "regular on its face." As a result, all employers are now required to accept and process orders that are sent directly to them from any state or U.S. Territory (and in some cases, foreign countries as well).

Tip:

If the Order/Notice appears to be an authentic legal document, you can consider it "regular on its face."

This and the following chapters explain new directions in income withholding, providing examples wherever possible and citing the applicable legislation. The following chapter will also identify the differing employer responsibilities when processing an intrastate order and a direct income withholding order from another state, as the applicable state requirements imposed may differ. Selected source material is also provided in Appendix B-1.

Expect to receive more withholding orders...

The legislation requiring income withholding has already had a significant impact on employers by substantially increasing the number of income withholding orders they receive. There are several reasons why employers should anticipate a further increase in such orders—the most obvious reason being that income withholding is now required in almost all child support cases. And, most states report great success in collecting child support through withholding.

New hire reporting (see Chapter 1) will also raise the number of income withholding orders prepared and sent to employers because fewer noncustodial parents can escape their obligations by changing jobs every few months or moving to a new employer across the state line.

About 30% of noncustodial parents no longer live in the same state as their child. Yet collections in these interstate cases have historically comprised only 10% of the overall collections. With the ability to follow noncustodial parents across state borders and directly serve the withholding order on the out-of-state employer, the collection of support in these tough interstate cases should increase dramatically.

By adopting UIFSA, each state has agreed to play by the same rules in interstate child support matters. One of the cornerstones of UIFSA is the concept that only one support order controls the current support obligation of a noncustodial parent to his or her children (in one family). **Fortunately, the employer is not responsible for determining the "controlling order." State tribunals (courts or administrative hearing agencies) are responsible for jointly determining which support order is the "controlling order."** The rules are simpler and fairer for all involved.

Tip:

If an employee has children from more than one relationship, you likely will receive a *separate* withholding order for each family. It is also possible that these orders may have been issued from different states and are payable to different Child Support Enforcement Agencies. If your employee has questions, please ask him/her to contact the issuing agency.

However, there may be occasions when you receive more than one order from *different states or counties* for the *same child(ren)*. The "controlling order" determination may not yet have been made by the states. If this happens, you may wish to follow these steps:

1. Continue to honor the first order that you received.
2. Give your employee a copy of the second order.
3. Contact the state/county agency that sent the second withholding order and inform them that you are already sending withholding for the same children to another jurisdiction. Provide payment information such as the amount of the withholding and where the withholding is being sent.
4. Contact the state/county agency that sent the first withholding order and inform them about the second order you have received.

Tip:

If you receive withholding orders from more than one issuing agency/party, for the *same custodial family*, be sure to contact all the parties involved as quickly as possible.

You may also wish to refer this matter to your attorney for guidance.

Processing an income withholding order

There are four basic steps to follow if you receive an income withholding order, as explained in the following subsections.

Step 1 - Document the date of receipt.

Because you, the employer, must take action within certain timeframes, such as beginning to withhold within days of receipt of the order, you should record the date of receipt. A date-stamp with handwritten initials or signature on the face of the order is sufficient documentation.

Step 2 - In interstate cases, give a copy of the Order/Notice to your employee.

Immediately upon receipt of an income withholding order received directly from another state (under UIFSA), you must give a copy of the Order/Notice to Withhold to your employee. The federal form reproduced at the end of this chapter will be used in direct interstate income withholding cases. This Order/Notice is sent to the employer, regardless of whether the employee works in the employer's home state or elsewhere. Let him/her know that you are required by law to comply with the order.

If your employee disagrees or finds fault with the terms of the Order/Notice, it is his/her responsibility–**not yours**–to notify the Child Support Enforcement Agency in the issuing state. So long as the order appears "regular on its face," as the employer/recipient of the Order/Notice, you are still responsible for complying with its terms until you receive other instructions from the issuing court or agency. See also Appendix A, *Employee rights and responsibilities*.

Step 3 - Determine the "regularity" of the order.

The withholding Order/Notice may have been issued from a court or administrative agency. The state Child Support Enforcement Agency may have instituted the withholding pursuant to its administrative authority. You are probably familiar with the withholding orders issued by your state courts and agencies.

The standardized Order/Notice to Withhold Income for Child Support provides a common document to be used in all IV-D cases (interstate and intrastate). The standardized form is also used for all non-IV-D orders entered or established on or after January 1, 1994. (Pronounced "four-dee" after Title IV-D of the Social

Keep in mind:

Most state laws do not require the employer to give a copy of the withholding order to the employee, except for direct *interstate* income withholding sent across state lines under UIFSA, *but some states do*. Be sure to check your state law.

Tip:

When you give a copy of the income withholding order/notice to your employee, it may be the first time s/he hears about it. State agencies are no longer required to give advance notice of income withholding to noncustodial parents. Notice is only required to be sent *once withholding has begun*, and will include information sent to the employer and how to contest the withholding order in case of a mistake.

Tip:

UIFSA does not restrict who may send an income withholding order across state lines. Although the sender will most often be a Child Support Enforcement Agency, the custodial party, his/her attorney, or the noncustodial parent may provide the employer with a copy.

Proceed with caution:

Sometimes an interested party is so eager to begin income withholding that he or she may deliver the wrong document! For example, while a divorce order or summary judgment may state the obligation of the noncustodial parent, those documents do not normally constitute an order to withhold child support.

Security Act, IV-D refers to those child support cases that are handled by the state or county Child Support Enforcement Agency, as opposed to those handled by private attorneys.) You may still receive some out-of-state withholding orders from the parties or private counsel. In all cases, the employer should evaluate whether the document is "regular on its face"—a legal term that simply tells you to look at the document and use common sense. If the document looks like an official legal document, it is "regular on its face."

The most common **judicial order** is the Order to Withhold Child Support. The title may vary by jurisdiction, but it is an order issued by the court. A court order is signed (or stamped) by the judge, and a certified copy is issued by the district /county clerk.

While a judicial order is normally mailed to the employer, it may also be hand-delivered by an interested party.

The Order/Notice to Withhold should direct the employer to begin withholding. It should also contain straightforward information and details as to when to begin withholding, how much to withhold, where to send the withheld amount, and when to stop withholding, even if the order simply states "until further notice."

An **administrative order** is issued by either an administrative hearing agency that serves as the tribunal to hear child support matters in the state or by the Child Support Enforcement Agency.

This document is signed by an authorized person with the state and must be honored with the same seriousness as a court-ordered withholding order.

The employer should confirm that the order applies to a current employee. If the person named in the order is not in the company's payroll/human resources master file, check to see if the person is receiving some type of periodic payment, such as a pension or profit sharing

payment, from the company that meets the definition of "income." (Refer to the definition of "income" for child support purposes set forth in the beginning of this chapter and Chapter 6.)

If your company has multiple work sites, it is your responsibility to locate the employee and forward the order/notice to the appropriate payroll office. The state agency is not responsible for tracking down the specific work site of your employee.

- **If the order is <u>not</u> for an employee** or someone to whom your organization makes regular payments, state that finding and return the order to the court or agency that issued the order. Be sure to retain a copy of both the order and your statement for company records.
- **If the order <u>is</u> for an employee** or someone to whom your organization makes regular payments, read the document carefully to ensure that the order gives you all the information you need to begin withholding.
- **If the order does apply to one of your company's employees, but the order is not complete**, contains substantive errors or is not "regular on its face," you may return it to the sender with a clear explanation as to why it is being returned.

In this last instance, be prepared to defend your actions. It may be prudent to call the issuing agency and notify them of the specific problem or have your company's legal counsel review a questionable order and provide instruction on how to respond.

Step 4 - Follow the terms of the order.

The income withholding order/notice should contain all the information your payroll department needs to begin withholding. Some agencies include language

Proceed with caution:

A statement from your employee that the order is inaccurate is **not** a valid reason to return the order. The employee must contest his/her order through the applicable state's procedure. (See Appendix A for more information on the rights and responsibilities of your employee.)

Keep in mind:

Frequently, child support withholding orders are used to collect both the current financial support and past-due child support, also known as an arrearage.

Key definition:

When the amount to be withheld is specified in dollars (e.g., $300 per month), this is called a **sum certain**. Under UIFSA, child support orders are required to state the obligation amount as a sum certain.

or provide an attachment that explains some or all of the applicable state laws governing the income withholding order/notice.

Just as employers must know the applicable federal, state, and local laws regulating employee tax withholding, so must they know the applicable child support laws. A matrix of state child support laws may be found in Appendix B-1.

For an income withholding order issued in your state, follow the terms of the order and the laws of your state, subject to Consumer Credit Protection Act (CCPA) limits. (See Chapter 6, *Calculating disposable income*, for further discussion of CCPA limits.)

For an income withholding order sent directly to you across state lines, the employer must comply with the terms of the order from the issuing state that specify:

- The duration and amount of the current child support obligation.
- The person or agency designated to receive the payments.
- The requirement for and terms of medical support, including periodic cash payments and/or the requirement to provide health insurance coverage for the child.
- The arrears payment, which may include interest.
- The amount for payment of fees and/or costs charged by the Child Support Enforcement Agency, the issuing court, and the custodial party's attorney.

In addition, you must apply the laws of the state in which the employee works (the employee's "principal place of employment") to determine:

- When to begin withholding.
- How soon to remit payments following the date of withholding.
- The maximum amount that may be withheld (subject, of course, to CCPA limits).
- How to prioritize withholding and allocate income among withholding orders received for more than one family of the same employee.
- Whether and in what amount you may deduct a processing fee from the employee's income.
- Any terms and conditions not specified in the withholding order.

Tip:

Employers normally do not need to interrupt a current payroll cycle to add the deduction, or cancel a check just printed but not yet distributed, for the purpose of withholding child support. Begin withholding the following pay period.

Penalties for failing to comply with income withholding

Employers must withhold child support as directed in the withholding Order/Notice, and are exempt from civil liability when complying with an Order/Notice that is "regular on its face." Should you fail to withhold for an order issued by your state or by another state, there are mandatory fines that apply under your state's law. In addition, employers who fail to comply with the withholding Order/Notice are liable for the accumulated amount that should have been withheld.

Proceed with caution:

State law provides for fines against an employer who discharges from employment, refuses to hire, or takes disciplinary action against an employee in response to withholding.

As discussed earlier, income withholding has *not* been enacted as a punitive measure for close to a decade. Likewise, employers cannot take retaliatory action against an employee subject to withholding for child support.

Exhibit 5-1: The front of the Order/Notice to Withhold Income for Child Support identifies the obligated employee, summarizes the elements of income to be withheld, and tells the employer where to send the payments.

OMB NO.: 0970-0154
EXPIRATION DATE: 12/31/00

ORDER/NOTICE TO WITHHOLD INCOME FOR CHILD SUPPORT

State_____, _____ Original Order/Notice
Co./City/Dist. of_____ _____ Amended Order/Notice
Date of Order/Notice_____ _____ Terminate Order/Notice
Court/Case Number_____

_____) RE: * _____
Employer/Withholder's Federal EIN Number) Employee/Obligor's Name (Last, First, MI)
_____) * _____
Employer/Withholder's Name) Employee/Obligor's Social Security Number
_____) * _____
Employer/Withholder's Address) Employee/Obligor's Case Identifier
_____) _____
_____) Custodial Parent's Name (Last, First, MI)
_____)

Child(ren)'s Name(s): DOB Child(ren)'s Name(s): DOB

ORDER INFORMATION: This is an Order/Notice to Withhold Income for Child Support based upon an order for support from _____. By law, you are required to deduct these amounts from the above-named employee's/obligor's income until _____ even if the Order/Notice is not issued by your State.

☐ If checked, you are required to enroll the child(ren) identified above in any health insurance coverage available through the employee's/obligor's employment. _____

$_____ per _____ in current support
$_____ per _____ in past-due support Arrears 12 weeks or greater? ☐ yes ☐ no
$_____ per _____ in medical support
$_____ per _____ in other (specify)
_____ per _____ in other (specify)
for a total of $_____ per _____ to be forwarded to the payee below.

You do not have to vary your pay cycle to be in compliance with the support order. If your pay cycle does not match the ordered support payment cycle, use the following to determine how much to withhold:
$_____ per weekly pay period. $_____ per semimonthly pay period (twice a month).
$_____ per biweekly pay period (every two weeks). $_____ per monthly pay period

REMITTANCE INFORMATION:

You must begin withholding no later than the first pay period occurring _____ working days after the date of this Order/Notice. Send payment within _____ working days of the paydate/date of withholding. You are entitled to deduct a fee to defray the cost of withholding. Refer to the laws governing the work state of the employee for the allowable amount. The total withheld amount, including your fee, cannot exceed _____% of the employee's/obligor's aggregate disposable weekly earnings. For the purpose of the limitation on withholding, the following information is needed (see #9 on back).

When remitting payment provide the paydate/date of withholding and the case identifier _____.
If remitting by EFT/EDI, use this FIPS code: * __ __ __ __ __ __ __; Bank routing code:*_____;
Bank account number:*_____.

Make it payable to:_____ Payee and case identifier

Send check to:_____ Payee's Address

Authorized by_____

Print Name_____

*EFT/EDI Information

Exhibit 5-2: The reverse side of the Order/Notice to Withhold Income for Child Support supplies additional information—most importantly, the number to call if you have questions.

OMB NO.: 0970-0154
EXPIRATION DATE: 12/31/00

ADDITIONAL INFORMATION TO EMPLOYERS AND OTHER WITHHOLDERS

☐ **If checked you are required to provide a copy of this form to your employee.**

1. **Priority:** Withholding under this Order/Notice has priority over any other legal process under State law against the same income. Federal tax levies in effect before receipt of this order have priority. If there are Federal tax levies in effect please contact the requesting agency listed below.

2. **Combining Payments:** You can combine withheld amounts from more than one employee/obligor's income in a single payment to each agency requesting withholding. You must, however, separately identify the portion of the single payment that is attributable to each employee/obligor.

3. * **Reporting the Paydate/Date of Withholding:** You must report the paydate/date of withholding when sending the payment. The paydate/date of withholding is the date on which amount was withheld from the employee's wages. You must comply with the law of the state of employee's/obligor's principal place of employment with respect to the time periods within which you must implement the withholding order and forward the child support payments

4. * **Employee/Obligor with Multiple Support Withholdings:** If there is more than one Order/Notice to Withhold Income for Child Support against this employee/obligor and you are unable to honor all support Order/Notices due to Federal or State withholding limits, you must follow the law of the state of employee's/obligor's principal place of employment. You must honor all Order/Notices to the greatest extent possible. (see #9 below)

5. **Termination Notification:** You must promptly notify the payee when the employee/obligor is no longer working for you Please provide the information requested and return a copy of this order/notice to the agency identified below.
EMPLOYEE'S/OBLIGOR'S NAME: _____
EMPLOYEE'S CASE IDENTIFIER: _____ **DATE OF SEPARATION:** _____.
LAST KNOWN HOME ADDRESS _____.
NEW EMPLOYER'S ADDRESS _____.

6. **Lump Sum Payments: You may be required to report and withhold from lump sum payments such as bonuses, commissions, or severance pay. If you have any questions about lump sum payments, contact the person or authority below.**

7. **Liability:** If you fail to withhold income as the Order/Notice directs, you are liable for both the accumulated amount you should have withheld from the employee/obligor's income and any other penalties set by State law.
_____
_____

8. **Anti-discrimination:** You are subject to a fine determined under State law for discharging an employee/obligor from employment, refusing to employ, or taking disciplinary action against any employee/obligor because of a child support withholding.
_____
_____

9. * **Withholding Limits:** You may not withhold more than the lesser of: 1) the amounts allowed by the Federal Consumer Credit Protection Act (15 U.S.C. § 1673(b)); or 2) the amounts allowed by the State of the employee's/obligor's principal place of employment. The Federal limit applies to the aggregate disposable weekly earnings (ADWE). ADWE is the net income left after making mandatory deductions such as: State, Federal, local taxes; Social Security taxes; and Medicare taxes.

10. _____
_____
_____

*NOTE: If you or your agent are served with a copy of this order in the state that issued the order, you are to follow the law of the state that issued this order with respect to these items.

Requesting Agency_____
_____
_____
_____

If you or your employee/obligor have any questions, contact:_____
by telephone at_____ or by FAX at_____ or by Internet:_____.

Chapter 6: Calculating disposable income

To process child support deductions correctly, employers must fully understand recent changes in the definition of income as well as the concept of allowable percentage of disposable income. Examples presented later in this chapter rely heavily on these important distinctions. Therefore, we begin by attempting to clarify them.

Changes in the definition of income

In 1996, the federal welfare reform law expanded the definition of income. Section 466(b)(8) of the Social Security Act defines income as "any periodic form of payment due to an individual, regardless of source, including wages, salaries, commissions, bonuses, workers' compensation, disability, payments pursuant to a pension or retirement program, and interest."

The broader definition of income brought several elements under the withholding limits set by the federal CCPA. Before the enactment of welfare reform, most withholding orders only applied to wages (states had the option to include other types of income beyond wages). Now under the expanded federal definition, withholding orders must apply to other periodic payments, such as bonuses, separation pay and commissions, in addition to wages. States

Keep in mind:

States may add other elements to the federal definition of "income," therefore the definition of "income" for child support purposes varies from state to state. In fact, some states define payment to an independent contractor as income subject to withholding for child support. All states, however, must recognize at a minimum the elements specified in the Social Security Act definition of "income."

Tip:

Direct your questions regarding lump-sum or irregular payments to the court or Child Support Enforcement Agency that issued the original Order/Notice to Withholding Income for Child Support.

Proceed with caution:

The employer should notify the Child Support Enforcement Agency of any change in work status of an employee owing child support. This notification alerts the agency to re-issue the income withholding order to the third party payor.

are required to apply the CCPA limits to those amounts that meet the broader definition of "income."

In practice, almost any payment the employee receives from the employer is subject to income withholding for child support. One exception is reimbursement of actual business expenses and some relocation expenses. Another is imputed income on benefits (such as the excess of $50,000 of group term life insurance or take-home vehicles). Imputed income is considered taxable earnings, but it is not considered to be "income" for purposes of income withholding.

Short- or long-term disability payments and workers' compensation payments are income and are subject to child support withholding. Normally, a third party (such as an insurance company, workers' compensation board, or plan administrator) pays the employee during covered absences due to injury or illness. The employer must be careful how child support is handled in these situations.

Disposable income

Disposable income is the amount of earnings remaining after subtracting certain mandatory deductions from an employee's gross pay. Mandatory deductions from an employee's paycheck include:

- Federal, state, and local taxes.
- FICA and Medicare taxes.
- Unemployment insurance.
- Workers' compensation insurance.
- State employee retirement systems.
- Additional deductions mandated by state law.

Beyond these mandatory deductions, it is not easy to determine which involuntary deductions should be made next—back taxes, student loans, bankruptcy courts, child support? **In almost all instances, child**

support must be paid first. The prioritization of deductions is such a complex issue that Chapter 9 is devoted to its discussion.

Allowable disposable income

There is one additional step in figuring how much you can withhold for child support: the CCPA limits must be applied to the disposable income. By simply calculating a percentage of the disposable income, you arrive at the **allowable disposable income**. Allowable disposable income is the amount that is subject to child support withholding. Follow three steps to determine how much can be withheld for child support purposes:

1. Gross pay minus deductions required by federal and state laws = disposable income.
2. Disposable income x CCPA limit % = allowable disposable income.
3. Allowable disposable income = the maximum available for child support withholding (if the ordered child support withholding is greater than the maximum available, refer to Examples 6C and 6D).

For example, you have an income withholding Order/ Notice to withhold $100 per week. However, after your calculation of allowable disposable income, you discover that only $90 is available for child support withholding. In this example, CCPA has "overruled" the amount ordered to be withheld by the court or the Child Support Enforcement Agency. CCPA protects an employee from having so much income deducted to pay a debt—any debt—that there is nothing left to live on. For child support orders, more money can be withheld than for other types of garnishment; but there are upper limits, whether the employee is obligated under one or several income withholding orders.

Under federal law, the maximum percentage of disposable income (or "allowable disposable income")

Keep in mind:

Check your state law when calculating disposable income. Some states allow additional deductions from gross pay beyond the federally mandated deductions.

that may be withheld to satisfy income withholding orders is based on the employee's current family and financial status:

1. If the noncustodial parent is living with and supporting a second family, the ceiling is 50% of the employee's disposable income—or 55% when more than 12 weeks of past-due support is owed. (State law may provide for lower limits.)

2. If the noncustodial parent is not supporting a second family, the ceiling is 60% of the employee's disposable income—or 65% when more than 12 weeks of past-due support is owed. (State law may provide for lower limits.)

When the employer is dealing with a single support order, the solution is simple: send the court or child support agency the total allowable disposable income if it is less than the amount ordered. When current support is made up of more than one category, such as medical support and child support, or when there are two or more orders, the employer should follow the laws of the employee's work state for allocating the total allowable disposable income.

Keep in mind:

The employer must perform the CCPA limit tests each and every pay period. Variances in an employee's pay may permit full withholding one pay period but not the next.

To summarize: Although the Order/Notice to Withhold Income for Child Support specifies a sum certain or the percentages of income to be withheld in various support categories, **federal and state consumer protection limits may override these instructions**. Moreover, it is the responsibility of the obligated employee, not the employer, to initiate changes in the child support order. Appendix B-1 presents the state CCPA limits.

Employers must follow the laws of the employee's work state in calculating allowable disposable income. State CCPA laws may impose lower limits on the amount that can be withheld but **may not**

exceed the limits imposed by the federal CCPA. (About two-thirds of the states follow the federal CCPA limits; however, some states, like Texas, have lower limits.)

The next two examples will show how an employer would calculate allowable disposable income depending on the work state of the employee. The first example uses a state that follows the federal limits (Utah) and the second uses a state with lower limits (Texas).

Proceed with caution:

When an employer withholds *more* than permitted under the CCPA limits, the employee is entitled by law to sue the employer for restitution and damages. When an employer withholds *less* than the required amount, the state Child Support Enforcement Agency or the custodial party may bring action against the employer for restitution and damages.

Example 6A – Calculating allowable disposable income

Jacob Astor works for ABC Plumbing Shop in Provo, Utah. He is paid $16 an hour on a weekly basis. His workload fluctuates: some weeks he works fewer than 40 hours, while other weeks he may exceed 40 hours.

Jacob is currently married and has two children. He was previously married and is paying child support through income withholding. The income withholding order is for $80 per week for current support and $15 per week for arrears that totaled $2,000 when the withholding order was first served on Jacob's employer.

Last week, Jacob put in 45 hours on the job. The payroll manager calculated Jacob's allowable disposable income as follows:

Income

40 hours x $16 (base pay)	=	$640.00
5 hours x $24 (base + overtime premium)	=	$120.00
Gross Pay:		**$760.00**

Deductions:	Net Pay Calculations	Disposable Income Calculations
Gross Pay	**760.00**	**760.00**
Federal withholding	(95.26)	(95.26)
FICA	(45.57)	(45.57)
Medicare	(10.66)	(10.66)
Health insurance (pre-tax)	(25.00)	
Union dues	(10.00)	
Savings bonds	(25.00)	
Union pension	(30.40)	
Credit union car loan	(50.00)	
Total mandatory deductions		$151.49
Disposable income (gross pay minus total mandatory deductions)		$608.51

Apply CCPA limit percentage to disposable income (55% x 608.51) =

Allowable disposable income: $334.68

Note: 55% is the federal CCPA ceiling on an obligated employee who supports a second family and whose child support payments are more than 12 weeks in arrears. (The state of Utah follows the federal ceiling.)

Jacob's court-ordered withholding of $95 ($80 in current support; $15 in arrearage) falls well within his allowable disposable income of $334.68. Therefore, the payroll manager withholds the full $95 and remits the payment as directed in the Order/Notice to Withhold Income for Child Support.

Example 6B - Calculating allowable disposable income by applying a state's limits

Jacob moves to Texas and his new employer will apply Texas law which permits the deduction of health and disability insurance premiums and union dues *before* calculating disposable earnings. Thus, in Texas, less money will be available for withholding than in Utah. Under Texas law, the maximum allowable percentage of disposable earnings that can be withheld is 50%, whether the employee is single, supporting a second family, or owes more than 12 weeks of past-due support. Using the Texas Family Code, the calculation is as follows:

Income

40 hours x $16 (base pay)	=	$640.00
5 hours x $24 (base + overtime premium)	=	$120.00
Gross Pay:		**$760.00**

Deductions:

	Net Pay Calculations	Disposable Income Calculations
Gross Pay	**760.00**	**760.00**
Federal withholding	(95.26)	(95.26)
FICA	(45.57)	(45.57)
Medicare	(10.66)	(10.66)
Health insurance (pre-tax)	(25.00)	(25.00)
Union dues	(10.00)	(10.00)
Savings bonds	(25.00)	
Union pension	(30.40)	
Credit union car loan	(50.00)	

Mandatory deductions allowed by Texas Family Code $186.49

Disposable income $573.51
(gross pay minus mandatory deductions)

Apply Texas CCPA limit percentage to disposable income (50% x 573.51) =

Allowable disposable income: **$286.76**

Once the payroll manager has calculated Jacob's allowable disposable income, it is then compared with the amount indicated in the income withholding order. In both examples above, the allowable disposable income was more than enough to cover the ordered withholding amount.

When the amount ordered to be withheld *exceeds* the allowable disposable income, the allowable disposable income represents the maximum amount that can be deducted. Therefore, the ordered withholding amount cannot be paid in full because of the application of the CCPA limits.

The next two examples demonstrate maximum withholding using one state that follows the federal CCPA limits (Utah) and another that follows lower limits (Texas).

Example 6C – Calculating maximum withholding

Let's assume Jacob is still living in Provo, Utah and has not moved to Texas. The following week, Jacob took time off for personal reasons. He worked and was paid for a total of 12 hours.

Income

12 hours x $16 (base pay)	=	$192.00
Gross Pay:		**$192.00**

Deductions:	Net Pay Calculations	Disposable Income Calculations
Gross Pay	**192.00**	**192.00**
Federal withholding	(13.44)	(13.44)
FICA	(10.35)	(10.35)
Medicare	(2.42)	(2.42)
Health insurance (pre-tax)	(25.00)	
Union pension	(7.68)	
Credit union car loan	(50.00)	
Total mandatory deductions under Utah law		$26.21
Disposable income (gross pay minus total mandatory deductions)		$165.79

Apply CCPA limit percentage to disposable income (55% x 165.79) =

Allowable disposable income: **$ 91.18**

Comparing the amount to be deducted as directed by the income withholding order ($95) to the allowable disposable income ($91.18), the allowable disposable income is less. Therefore, the maximum that can be withheld for child support is the allowable disposable income. The current child support obligation of $80 can be satisfied, but only $11.18 of the arrears can be paid. (Note that this unpaid portion of the arrears—$3.82— remains a child support debt, which may be subject to interest charges.) Under Utah law, which follows federal law, child support takes priority over all voluntary deductions such as health insurance, pension, and the credit union loan.

Federal and state laws assign priorities to certain types of involuntary deductions, such as child support and tax levies, but there are no laws that determine the priority of many other employee deductions. Company policy or union contracts may provide direction. In the above example, the medical deduction would probably be given priority over the credit union deduction, because *failure to withhold the insurance deduction could result in loss of medical coverage.*

Example 6D – Calculating maximum withholding under state limits

In Texas, the same situation would result in a lesser amount being withheld for child support. Note that health insurance is an allowable deduction under state law. Using the Texas Family Code, the deductions would be calculated as follows:

Income

12 hours x $16 (base pay)	=	$192.00
Gross Pay:		**$192.00**

Deductions:	Net Pay Calculations	Disposable Income Calculations
Gross Pay	**192.00**	**192.00**
Federal withholding	(13.44)	(13.44)
FICA	(10.35)	(10.35)
Medicare	(2.42)	(2.42)
Health insurance (pre-tax)	(25.00)	(25.00)
Union pension	(7.68)	
Credit union car loan	(50.00)	

Total mandatory deductions under Texas law	$ 51.21
Disposable income (gross pay minus mandatory deductions)	$140.79

Apply CCPA limit percentage to disposable income (50% x 140.79) =

Allowable disposable income: **$ 70.40**

Under Texas law, Jacob's employer would withhold the full allowable disposable income ($70.40) for current support with a shortfall of $9.60; and nothing would be available to withhold for past-due payments. The unpaid portion of Jacob's current support ($9.60) is added to his total arrears.

Past-due payments

When an obligated employee owes past-due child support, the unpaid amount is called an arrearage. If the arrearage is not paid off, the employer will probably receive a revised court order increasing withholding or extending the period of time the withholding order is in effect. Payments for arrearage can extend well past the child's age of emancipation.

Interest on past-due payments

Some states calculate interest on unpaid child support. Depending upon how long ago these underpayments occurred, the interest owed could be a sizable amount.

With interest added to the amount owed, orders for arrearage can extend well into the future. When an obligated employee receives notice of a balance due, including state-calculated interest, the payroll office often seems to be the employee's first stop!

Tip:

On occasion, the non-custodial parent or custodial party is told by child support agencies that the *employer* is causing the underpayment. The employer's payroll manager should be prepared, when an angry party calls, to explain why this is not truly an underpayment situation, but instead reflects bookkeeping differences between the court/state agency and the employer.

How child support withholdings are credited

Credit for withholding is based on the employer's payday. However, if payday is June 26, but the State Disbursement Unit does not receive the payment until July 2, the payment may not be credited to June.

Employers should understand that when the full annual amount of an employee's child support obligation is divided by the number of pay periods, the court may treat the obligated employee as being underwithheld. For example, an annual child support obligation of $4,800 equals $400 monthly, $200 semi-monthly, and $184.52 biweekly. Biweekly payments of $184.52 are credited as a monthly payment of $369.04—an underpayment in terms of the court-ordered $400 per month.

Over a period of a year, the full $4,800 will be withheld, but until there is a month in which the employee receives three paychecks (which happens twice a year), the court record shows an arrearage. This situation is coming to light because of interest being charged on the "arrearage."

On the flip side, the first month's withholding may result in three deductions being sent to the court. When that happens, the three deductions total more than the court-ordered monthly amount and are treated as an overpayment.

The employer is *not* required to change payroll cycles to accommodate an income withholding order/notice.

Chapter 7:
Treating pre-tax deductions, imputed income, and tips

Taxable income is not always the amount used to calculate disposable earnings. The most common adjustments to earned income are pre-tax deductions (such as 401(k) plan contributions), imputed income (such as a company car), and tips. This chapter discusses these potential adjustments to disposable earnings.

ADD pre-tax deductions to taxable income

Many employers offer benefits to their employees under qualified plans such as a Section 127 Cafeteria Plan, a Section 125 Medical Plan, a Section 132 Dependent Care Coverage plan, or other qualified plans. Qualified deferral plans, such as a 401(k), or a nonqualified plan, such as a 457 plan, permit employees to reduce their taxable wages by taking either the benefit or cash. Taxes are not calculated on the employee's wages until after these "pre-tax" deductions are withheld.

In calculating disposable earnings for child support, such pre-tax deductions must be <u>added</u> to the employee's taxable wages before determining the obligated employee's allowable disposable income. The logic underlying this rule is that the obligated employee *elected* to trade current disposable income for a deferred benefit—there is no reason why the supported children should suffer because of this choice.

Example 7A – Calculating disposable earnings when taxable income is reduced

Step	Action	Result
1.	Identify gross pay	$1,000
2.	Deduct Section 125 medical premium	(25)
3.	Deduct 401(k) contribution	(50)
4.	Identify taxable earnings for federal/state tax purpose	925
5.	Add back pre-tax deductions	+ 75
Amount of disposable earnings for child support purposes		**$1,000**

SUBTRACT imputed wages from taxable earnings

Many fringe benefits that employees receive must be treated as "imputed income" for the purpose of increasing taxable earnings, but should *not* be treated as income in calculating disposable earnings for child support purposes. These types of fringes include take-home vehicle, non-qualified tuition reimbursement, and the excess of $50,000 term life benefits.

For income tax purposes, the cash value of such fringe benefits is added to the employee's regular wages; taxes are calculated and withheld on the increased amount. For the purpose of calculating disposable earnings, the actual gross (without adding the value of fringe benefits) is used.

Example 7B - Calculating disposable earnings when imputed wages are added to income

Step	Action	Result
1.	Identify gross pay	$1,000
2.	Add imputed wage: take-home vehicle	270
3.	Add imputed wage: cost of graduate class	500
4.	Identify taxable earnings	1,770
5.	Subtract imputed wages	(770)
Amount of disposable earnings for child support purposes		**$1,000**

ADD tipped income that passes through the employer's hands

The Consumer Credit Protection Act states that tips are not considered to be income, *unless* they are under the control of the employer. Often, tips given to people in service industries are paid directly by the customer to the person who performed the service. In those cases, the employer does not have control of the tip as the tip money does not pass through the employer's hands. For example, the customer charges the cost of a meal to his credit card, but gives the waitress a $5 bill as a tip.

However, when the customer adds the tip to the cost of the meal and charges the total amount to a credit card, the employer controls the tip. That is, the employer receives the tip and might give the employee cash at the end of the shift, or might wait and add the amount to the employee's next paycheck. Sometimes a tip is included in the cost of the service. A restaurant may have a policy of adding a 15% gratuity to bills for groups of six or more. In that case, the total amount is paid directly to the employer. The tip is then called a "service charge" and, when it is passed on to the person who performed the service, the amount is treated as income.

For income tax purposes, the IRS has very strict rules on how tipped income should be reported. Employees who receive $20 or more a month from tips must report the actual tips received ("reported tips") to their employers. The employer must withhold federal, Social Security, Medicare, and state and local taxes from the employee's wages and reported tips. Because the employee has already received the reported tips as direct cash payments from customers, s/he receives a paycheck for wages only, but is *taxed* on wages plus reported tips.

For example, Jerry is paid $3 an hour and worked 35 hours one week. He reports $125 in tips to his employer, $40 of which he received in cash from customers. His gross wages total $105 (35 hours x $3), but he is taxed on $230 ($105 + $125).

Example 7C-1 - Calculating taxable income when tips are reported

Add:	Hourly wages	$105.00
	Reported tips	40.00
	Tips through employer	85.00
	Total Taxable Income	**$230.00**

Example 7C-2 - Calculating net pay when tips are reported

Calculate deductions on total income ($230.00)		
Mandatory deductions:		
Federal withholding	45.00	
Social Security	14.26	
Medicare	3.36	62.62
Elective Deductions:		
Savings Bond	20.00	
United Way	3.00	23.00
Total deductions		85.62
Total taxable income		$230.00
Minus reported tips		(40.00)
Adjusted gross pay		$190.00
Minus total deductions		(85.62)
Net pay when tips are reported		**$104.38**

Example 7C-3 - Calculating disposable income for child support purposes when tips are reported

Adjusted gross pay	$190.00
Minus mandatory deductions	(62.62)
Disposable income for child support purposes	**$127.38**

Disposable income for child support purposes is calculated based on the wages ($190), less the taxes deducted. Because $40 in tips were simply reported to the employer *but did not pass through the employer's hands*, they are *not* considered part of disposable income for child support purposes.

Establishments may be required to allocate tips among their employees. Allocated tips are tips that the employer assigned to the employee in addition to the tips the employee reported to the employer for the year. The addition of this allocation will increase reportable taxable earnings. The allocated amount is treated the same as if the employee reported receiving the tips.

Chapter 8: Medical support

With the passage of recent legislation, state Child Support Enforcement Agencies have expanded their role in obtaining health care coverage for supported children. Under current law, every new child support order issued by the state agency must address the provision of medical support.

Insurance coverage for a child living separate from a noncustodial parent may be handled in a number of ways. The most common types of coverage are listed below:

1. The custodial parent maintains coverage through his or her employer plan (either a "self-insured" plan, or insured plan contracted through a third party health care insurer, such as Blue Cross/Blue Shield) and receives additional cash child support from the noncustodial parent to pay the premiums.

2. The noncustodial parent maintains family coverage through his or her employer plan. Premiums for the child's care are deducted as medical support from the noncustodial parent's pay.

3. The noncustodial parent maintains coverage for the child through a private plan and pays his/her own premiums.

Key definition:

Medical support is a form of child support owed by a noncustodial parent as stated in the judicial or administrative order– most often as health care insurance coverage available under the noncustodial parent's policy. In some cases, a child support order provides for specific dollar amounts to be deducted for medical purposes.

Proceed with caution:

Failure to comply with the state agency's request for information subjects the employer to agency-imposed sanctions.

4. The child is enrolled in a plan designed solely for coverage of children. Premiums are collected by withholding the noncustodial parent's income and are paid by the Child Support Enforcement Agency.

5. The child is enrolled in the state Children's Health Insurance Program (CHIP) because neither parent has access to health care coverage and the child is not eligible for Medicaid. (Please refer to the section below entitled *Options when employers do not offer dependent health coverage* for more information about CHIP.)

To enforce medical support obligations, state Child Support Enforcement Agencies have authority to obtain information about the availability of dependent coverage and other employment benefits from every public and private employer.

The noncustodial parent must advise the agency and/or court of any change in the availability of health care coverage. For example, if the noncustodial parent loses coverage for dependents, the agency may refer the family to alternate coverage such as CHIP or Medicaid. In addition, some changes in the noncustodial parent's coverage may result in a modification to the existing order.

When the noncustodial parent provides coverage for the child and subsequently changes jobs to a new employer who also offers health insurance benefits, the Child Support Enforcement Agency must notify the new employer of the noncustodial parent's obligation. This notice serves to enroll children in the new employer's health plan unless the noncustodial parent contests the notice.

Employers must provide medical insurance coverage to the children provided for in a child support order when:

- The employer offers family care coverage as part of its benefit plan; and
- The employee is eligible and enrolls in the family care coverage.

Impact of OBRA '93

Part III of the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) significantly affected requirements to provide medical insurance for children. This legislation was directed at both employers and insurance companies. In addition, OBRA '93 amended the Employee Retirement Income Security Act of 1974 (ERISA) to create "Qualified Medical Child Support Orders (QMCSOs)." ERISA covers most employee benefit plans that are established or maintained by an employer, employee organization, or jointly by both (but generally excludes government and church benefit plans).

Some health plans ("insured plans") provide benefits through the purchase of insurance from a third party health care provider. Other health plans ("self-insured" plans) provide benefits either from the plan's assets or from those of the employer's general assets. Both insured and self-insured group health plans are subject to ERISA, with the exception of government and church plans. However, ERISA does not supersede state laws governing insurance companies or the policies sold by them.

Thanks to OBRA '93, QMCSOs are now one of the exceptions that ERISA-covered plans must follow. ERISA group health plans must now provide benefits in accordance with the applicable provisions of any medical child support order that is deemed "qualified" by the health plan administrator according to OBRA '93 specifications.

Key definitions:

A **Qualified Medical Child Support Order** (QMCSO) is a medical child support order that creates or recognizes the right of an alternate recipient to benefits for which a participant or beneficiary is eligible under a group health plan and that includes certain information and meets other statutory requirements.

An **alternate recipient** is any child of a group health plan participant who is recognized under a medical support order as having a right to enrollment through that participant. The child is considered a beneficiary under the plan for reporting and disclosing information required by law.

Qualified Medical Child Support Orders

In order to be a "qualified" medical child support order, the QMCSO must provide:

- The name and last known mailing address of the participant, and the name and address of each alternate recipient. [The order may allow for the use of the name and mailing address of an official of a state or a political subdivision in lieu of the address of the alternate recipient.]

- A "reasonable description" of coverage to be provided or the manner by which the type of coverage can be determined.

- The period to which the order applies.

A group health plan may not impose any additional requirements or conditions on a qualified medical child support order.

Requirements for employers who offer dependent health coverage

When directed by a court or administrative agency, the employer must:

- Provide immediate coverage if the employee is eligible, without regard to "enrollment season" restrictions (ERISA-covered employers must be directed by a QMCSO).

- Provide a method for the custodial parent to enroll the child in the plan.

- Deduct premiums from the employee's pay (not exceeding the allowable limits under CCPA).

Your employee may not cancel coverage unless you receive written notice that the child support order is no longer in effect or that the dependent is being enrolled in another plan. The employer may not eliminate coverage unless dependent coverage is eliminated for *all* employees. See also Chapter 14, section on *Handling termination of medical benefits*, for more information on cancellation or cessation of medical support.

Options when employers do not offer dependent health coverage

If you do not offer a health insurance plan, you may want to provide information to your employees about CHIP, created as part of the Balanced Budget Act of 1997.

CHIP is a $4.8 billion annual federal grant program that helps states cover uninsured children in low-wage, working families with incomes too high to qualify for Medicaid but too low to afford private coverage. Each state has considerable flexibility as to how it implements CHIP. A state may design and develop a separate state insurance program, expand its current Medicaid program, or combine the two approaches.

Tip:

Your employee can contact the state department of health and human services or visit the Health Care Financing Administration's (HCFA) website at **www.hcfa.gov/init/children.htm** for more information about CHIP (go to Insure Kids Now! or the Outreach Information Clearinghouse) or call the national toll-free number, 1-877-KIDS-NOW.

Requirements for the insurance industry

OBRA '93 also required insurers to cover dependents with medical support orders. The law prohibits insurance companies from denying coverage to a child who is:

- Born out-of-wedlock.
- Not claimed as a dependent on Form 1040 (income tax return).

- Not living with the parent.
- Living outside the insurer's service area.

When directed by a court or administrative order/ notice, insurance companies must provide:

- Immediate coverage if the employee is eligible (without regard for "enrollment season" restrictions).
- A method for the custodial parent or the state agency to enroll any child(ren) in the plan when the noncustodial parent fails to enroll the child(ren).
- Information to the custodial parent on how to obtain benefits.
- A method for the custodial parent to file claims directly.
- Payments directly to the custodial parent or designated third party.

The health insurance plan may not discriminate against the child if the child receives Medicaid, is adopted, OR has a pre-existing condition.

Insurance companies may not cancel coverage unless they receive written notice that the child support order is no longer in effect or that the child is being enrolled in another plan.

Elimination of barriers to effective medical child support

Despite passage of substantial legislation, there remain difficulties and delays in establishing and enforcing the health insurance benefits for children. Public Law 105-200, signed into law in August 1998 as the Child Support Performance and Incentive Act, requires the establishment of a Medical Support Working Group to identify the impediments to the effective enforcement of medical support by state agencies administering the programs.

In the year 2000, the Medical Support Working Group will present its recommendations on how to eliminate the barriers to medical support enforcement to the Secretaries of Health and Human Services and Labor. The Secretaries will then report their recommendations to Congress. The Working Group will address a number of medical support issues, including the priority of withholding medical support and monetary child support when the CCPA limits prevent both medical and child support from being withheld in their entirety.

To simplify the entire process, and to reduce the burden on employers, a National Medical Support Notice will be developed by the Department of Health and Human Services and the Department of Labor. This National Medical Support Notice will be the standardized form that all Child Support Enforcement Agencies send to employers, replacing individual state QMCSOs. The goal of these future changes is to make it easier for employers and health plan administrators to enroll dependents in health plans for medical support.

Chapter 9: Prioritizing required deductions

So long as the employee earns enough to satisfy all legal claims, the payroll manager's task is straightforward. When the earnings do not stretch far enough, then the employer must understand which claimants should be paid and how much, and which claimants must wait for their funds.

This chapter addresses specific cases in which the payroll manager must handle multiple child support/ medical support orders and other involuntary deductions.

Child support and Consumer Credit Protection Act laws

The Consumer Credit Protection Act (CCPA) limits the amount that can be withheld from an employee's income to satisfy a child support income withholding order and garnishment for debt. This protects the employee from having his or her entire paycheck turned over to a third party. While the employer may not be able to satisfy the full amount of the attachment, the obligated employee still owes the third party.

Keep in mind:

Both federal and state Consumer Credit Protection Act laws govern the ceilings on creditor garnishment debt and family support.

Multiple Support Orders

When the employer receives more than one income withholding order (for *different* custodial families) against a noncustodial parent/employee and the total of the orders exceeds the maximum amount of disposable income that may be used to satisfy the orders, certain procedures must be followed. Each state must have a method in place that directs the employer as to how to allocate the money between or among the orders up to that state's CCPA limits.

Federal law requires that the method used by states ensures that *some money will be paid to each order for current support.* If anything remains from the allowable disposable income, then payments for arrears could be withheld up to the remaining balance. This is not difficult so long as the employee's allowable disposable income for the pay period exceeds the total obligated payment.

Example 9A – Calculating payments under two withholding orders

Arthur was married and divorced twice. He now lives alone. He had one child with each of his wives. He now owes child support to both children. For the older child, he is obligated to pay a monthly amount of $80 in current support and $15 to pay off his arrears. For the younger child, he must pay $125 a month in current support. His disposable income would be $465.95 every month before withholding for child support. The CCPA limits set by his state follow the federal CCPA limits, therefore 65% can be withheld since Arthur owes back child support (arrears) to the older child and is not living with a second family that he supports.

Disposable income	$465.95
Multiply by 65% (CCPA limit)	x 65%
Allowable disposable income	**$302.87**
Order A: $ 80 current support + $15 arrears	
Order B: $125 current support	
Total ordered: $205 current support + $15 arrears =	$220.00
Total paid:	**$220.00**

Since the allowable disposable income is $302.87 and the total withholding for both orders is just $220.00, the full ordered amounts may be withheld to fulfill Orders A and B.

Calculations become complicated when the employee has more than one order to satisfy, arrears are also being withheld, and the allowable disposable income is less than the total ordered amounts. Federal law requires every state to legislate a method that allows *some money to be distributed for current support to each order*. The two most common methods adopted by the states are:

- Allocate a percentage to each order based on the total dollar amount of current support orders.
- Divide the total dollar amount of the orders equally by the number of orders.

In all cases, the total of the current support obligation (*not* including any arrears) is used. Several examples demonstrate these calculations:

Keep in mind:

The amount of a child support obligation is based on a number of factors, including the noncustodial parent's expected earnings and the number of families the obligated employee must support. Therefore, when an employee is earning his/her normal salary or working the normal number of hours, the full amount of the order(s) can usually be withheld. Typically, it is only when the expected paycheck falls short because of special circumstances that it may not be possible to satisfy the ordered withholding amount(s).

Example 9B – Handling multiple orders for different custodial families

In Texas, Sam and his second wife are getting a divorce. An income withholding order for the second family was sent to his employer. The employer is already honoring a withholding order for Sam's first family for $80/week for current support and $15/week for arrears. The second order is for $125/week. For this week's pay period, the calculation is as follows:

Income	40 hours x $16 (base pay) =	$640.00
	Gross pay:	**$640.00**

Deductions:	Net Pay Calculations	Disposable Income Calculations
Gross Pay	**640.00**	**640.00**
Federal withholding	(92.00)	(92.00)
FICA	(38.13)	(38.13)
Medicare	(8.92)	(8.92)
Health insurance (pre-tax)	(25.00)	(25.00)
Union dues	(10.00)	(10.00)
Savings bonds	(25.00)	
Union pension	(25.60)	
Credit union car loan	(50.00)	

Mandatory deductions allowed under Texas Family Code	$174.05
Disposable income (gross pay minus total mandatory deductions)	$465.95
Apply Texas CCPA limits to disposable income	x 50%
Allowable disposable income =	**$232.98**

Order A	$ 80 current + arrears $15	
Order B	125 current only	
Total ordered:	$205 current + arrears $15 =	$220.00
Total withheld:		**$220.00**

Even with the reduction of allowable disposable income (to 50%) based on Texas law, the full amounts may be withheld for Orders A and B.

The following examples demonstrate the two allocation methods used when allowable disposable income is *less* than the total amount of the orders. State law must be followed for direction on which method must be used.

Example 9C – Handling multiple orders using the proportional method

After three marriages, Kim Lee was the father of three daughters. Kim lives and works in New York. Like most states, New York prorates withholding for multiple orders. His employer has received three separate withholding orders and applies the proportional method to Kim's allowable disposable income of $180.

Using this method, the percentage of each order to the total of all the orders is calculated:

Order A	=	$ 90
Order B	=	75
Order C	=	62
		$227

Divide $90 by $227 = 39.65% (Order A)
Divide $75 by $227 = 33.04 % (Order B)
Divide $62 by $227 = 27.31% (Order C)

Once the percentage of each order is calculated against the total of all orders, that percentage is applied to Kim's allowable disposable income of $180, which is not enough to cover all three withholdings in full. The prorated amount to be withheld for each order is:

Order A	39.65% X $180 =	$ 71.37
Order B	33.04% X $180 =	59.47
Order C	27.31% X $180 =	49.16
		$180.00

Example 9D – Handling multiple orders by number of orders

Kim has moved to Texas. Again, let's assume his allowable disposable income remains $180. In Texas, equal amounts must be withheld for current support where there are multiple orders. Because there are three orders, we divide $180 by 3 to figure $60 can be withheld for each order. Furthermore, because each of the three orders is greater than $60, the calculation can stop at this point: $60 will be paid to each order.

But suppose that Kim's allowable disposable income is increased to $192. Dividing by 3 (the total number of orders) would yield $64 to be applied to each order. Additional calculations will be necessary because Order C requires only $62. There are at least two ways to calculate the amounts to be deducted for Orders A and B:

Method 1:

1. Subtract Order C ($62) from the total ($192).
2. Divide the remainder ($130) by 2 (number of remaining orders).
3. Pay $65 each toward Orders A and B.

Method 2:

1. Subtract Order C ($62) from $64 = $2.
2. Add $1 apiece to the $64 allocated to Orders A and B.
3. Pay $65 each toward Orders A and B.

Third-party payors

When an employee is receiving short- or long-term disability payments, or workers' compensation payments, provided under a plan, s/he is normally paid by a "third party." The third party may be an insurance company, a workers' compensation board, or a plan administrator. The employer must be careful how child support is handled in these situations. The relationship of the employer to the third party payor determines whether the employer bears the responsibility of insuring that child support is withheld from the payments to the employee.

For instance, unless you provide disability through a general fund or self-insured plan, you are not obligated to withhold child support while your employee is out on disability or sick leave. The same holds true if your employee receives workers' compensation benefits from a third party and you are not making any payments to your employee.

An employer who is "self-insured" and has a third party administering the plan would be responsible for ensuring that child support payments are being withheld and sent to the child support agency. A copy of the withholding order must be given to the plan administrator, and coordination between the plan administrator and the employer will be needed to ensure that child support payments are made correctly. In this situation, the employer continues to be responsible for child support withholding.

Tip:

Notify the court or state agency of any change in your employee's work status and provide the name and address of the third party payor. This notification allows the state agency to send a new withholding order/ notice to the third party payor, as appropriate.

Child support with other garnishments

You may receive both an income withholding order for child support and a garnishment for debt. The child support income withholding order must be paid before all garnishments. In fact, you can withhold up to a maximum of 65% of disposable income for child

support. But the maximum that can be withheld for garnishments is the lesser of 25% of disposable income or the excess disposable income for that week over 30 times the federal minimum hourly wage (30 x $5.15 = $154.50).

First, withhold for child support up to the applicable CCPA limits. Second, determine if the child support withholding is greater than 25% of the disposable income. If it is greater, nothing can be withheld for the garnishment. If it is not, withhold *up to* the 25% limit (or the amount of disposable income that exceeds 30 times the minimum wage earned that week, if this amount is less).

The following examples illustrate several withholding scenarios for child support and garnishment combinations.

Example 9E – Withholding for child support and garnishment

Scenario 1:
You are withholding $69.23 a week for Tony's child support. Sears serves a garnishment against Tony for a $1,000 debt. Tony's disposable income for the week is $270.

Weekly disposable income	$270.00
	x 25%
Calculate 25% of disposable income:	$ 67.50
Subtract child support withholding:	(69.23)
Available for garnishment	**$ 0**

Since the child support withholding *exceeds* 25% of Tony's disposable income by $1.73, there is nothing left over to pay Sears. Note that 25% of the disposable income is *less* than the amount of weekly disposable income that exceeds 30 times the minimum wage ($270 - $154.50 = $115.50).

Scenario 2:
Alice's biweekly disposable income is $580. Her income withholding order is for $100 per pay period. J.C. Penney serves a garnishment against Alice for $500.

Biweekly disposable income	$580
	x 25%
Calculate 25% of disposable income	$145
Subtract child support withholding	(100)
Available for garnishment	**$ 45**

Since the child support withholding is *less* than 25% of Alice's disposable income, $45 is available for the J.C. Penney garnishment. Note that 25% of the disposable income is *less* than the amount of weekly disposable income that exceeds 60 times the minimum wage ($580 - $309 = $271). Because Alice is paid every two weeks, the "30 times minimum wage" calculation is doubled.

Scenario 3:
Now let's assume that you are paying $145 per pay period towards a J.C. Penney garnishment against Alice. You then receive an income withholding order for $100 per pay period. Her biweekly disposable income is still $580.

Disposable income	$580
	x 25%
Calculate 25% of disposable income	$145
Subtract child support withholding	(100)
Available for garnishment	**$ 45**

The child support withholding must be honored first, even though it arrived *after* the J.C. Penney garnishment. Since the child support withholding is less than 25% of Alice's disposable income, you can no longer pay J.C. Penney the full amount. Only $45 can now be paid to the J.C. Penney garnishment. (Note that $145 is *less* than the amount of disposable income that exceeds 60 times the minimum wage.)

Child support versus other involuntary deductions

It is not uncommon for an obligated employee to have more than one type of involuntary deduction. The employer must understand how each type of deduction should be handled in relation to the others. Two primary criteria determine how the employer must handle various involuntary deductions:

- Federal and state laws set the priority of orders.
- The CCPA sets limits on the maximum amount that can be withheld for certain obligations such as child support and garnishment for debt.

The important thing to remember is that child support takes priority over everything else except a federal tax levy, but only if the federal tax levy was served *before* the Order/Notice to Withhold Child Support. In addition, special treatment is applied to bankruptcy cases. In bankruptcy cases, other priorities may be made.

The following subsections discuss involuntary deductions in relation to the child support obligation.

Tip:

It is a good idea for the employer to notify the child support agency that a bankruptcy order has been received and, simultaneously, to notify the bankruptcy court that a child support withholding order is in force. *Always* follow the payment instructions from the bankruptcy court.

Bankruptcy

When the employer receives a bankruptcy order issued under Chapter XIII of the federal Bankruptcy Act, the employer should discontinue withholding for all claims against the obligated employee's wages, with the exception of income taxes, Social Security, and Medicare. The employer should withhold for other claims only at the direction of the trustee assigned to administer the bankruptcy.

A bankruptcy court order for withholding has top priority, whether it was served before or after the

Order/Notice to Withhold Income for Child Support. The CCPA limits do not apply to the amount withheld for a bankruptcy.

An employee who files for bankruptcy is not relieved of the obligation for child support. However, the *court-appointed trustee,* not the employer, makes the child support payment.

Federal tax levy and child support order(s)

The order of service controls the priority of a federal tax levy. In general, when the Internal Revenue Service (IRS) levy has been served first, it takes priority over the withholding order for child support; when the withholding order for child support has been served first, it takes priority over the IRS levy.

When an IRS levy is served *after* an Order/Notice to Withhold Income for Child Support has been received, the child support order takes priority. The CCPA limits do not apply to an IRS levy. Take-home pay (net pay) and an excluded amount (set forth in an IRS exemption chart) are used in the calculation of IRS levies. This differs from the way in which garnishment and income withholding orders are calculated.

Tip:

Employers who are withholding income to satisfy a tax levy should notify the IRS if they then receive a child support order. In some cases, the IRS yields priority to the child support order.

Example 9F – Applying federal limits in a case involving an IRS tax levy and a child support order

Several months ago, Betty Martin's employer received a federal tax levy for $4,000. Betty is single and paid weekly. Last week, Betty's employer received a child support order, calling for withholding $65 per pay period from Betty's paycheck.

Because the IRS tax levy is already in place, it takes priority over the child support withholding order. After the money has been deducted for the tax levy, the payroll manager performs calculations to determine whether any money can be deducted to satisfy the income withholding order.

Income		$400.00
	Net Pay Calculations	Disposable Income Calculations
Gross Pay	**400.00**	**400.00**
Federal withholding	(49.00)	(49.00)
FICA	(24.61)	(24.61)
Medicare	(5.76)	(5.76)
Dental insurance (pre-tax)	(3.00)	
401(k)	(20.00)	
Bus pass	(25.00)	
Credit union car loan	(40.00)	
Net pay ($400 – 167.37)	$232.63	
Amount exempt from tax levy (per IRS exemption chart)	- 133.65	
Amount to withhold for tax levy	98.98	
Disposable income ($400 – 79.37) (gross pay minus total allowable deductions)		$ 320.63
Calculate allowable disposable income		x 60%
Allowable disposable income		$ 192.38
Amount withheld for tax levy ($192.38 – 98.98)		- 98.98
Amount available to withhold for child support (allowable disposable income – tax levy amount)		**$ 93.40**

The amount available for child support withholding is greater than the $65 called for in the withholding order. Therefore, Betty's employer can deduct the full amount for child support.

Example 9G – Withholding for a case involving a child support order and an IRS tax levy

If Betty's employer had received the Order/Notice to Withhold Income for Child Support *before* receiving the federal tax levy, the child support withholding order would take priority. In such case:

	Net Pay Calculations
Income	$400.00
Gross Pay	**400.00**
Federal withholding	(49.00)
FICA	(24.61)
Medicare	(5.76)
Dental insurance (pre-tax)	(3.00)
401 (k)	(20.00)
Bus pass	(25.00)
Credit union car loan	(40.00)
Child support	**(65.00)**
Net pay	167.63
Amount exempt from tax levy	(133.65)
Amount to withhold for tax levy	**$ 33.98**

Nontax federal debt

The final ruling for Administrative Wage Garnishment, published in the *Federal Register* on May 6, 1998, established that *child support be given priority* over federal nontax debt regardless of whether the child support order was served before or after the federal garnishment order.

State and local tax levies

A state or local tax levy *never* takes priority over a child support order, regardless of when it was served.

Creditor garnishment

A garnishment for debt *never* takes priority over a child support order, regardless of when it was served.

Assignment of wages

When an individual takes out a loan, he may assign his wages as collateral against the loan. That is, he voluntarily signs over his future wages to pay the creditor if he defaults on the loan. If the debtor then defaults on his loan, the creditor can collect the debt from his employer. A wage assignment *never* takes priority over child support withholding.

Chapter 10: Q&A on withholding

1. Is there a maximum amount of money that may be withheld from an employee's paycheck?

Yes, for all garnishments and income withholdings, the upper limit on what may be withheld is based on the federal Consumer Credit Protection Act (CCPA). The federal withholding limits for child support and alimony are based on the disposable earnings of the obligor (i.e., the employee).

The federal CCPA limit is 50% of the disposable earnings if the employee lives with and supports a second family and 60% if the employee does not support a second family.

This limit increases to 55% and 65% respectively if the employee owes arrearages that are 12 weeks or more past due. States may choose a lower limit. Check with your state to determine exact limits. (About two-thirds of the states use the federal limits, and about one-third cap the withholding at 50% regardless of second families or age of arrearages.)

2. How soon do we need to send the child support payment that we have withheld from an employee's paycheck?

You need to send payment of the withheld wages within seven (7) business days of paying wages to the employee. Your state may set a shorter time limit for making payment.

3. *May we combine the child support payments from several employees into one check?*

Yes, you may send one check each pay period to cover all child support withholdings for that pay period if:

- They are all being sent to the same receiving agency, and
- You itemize the amount withheld from each employee, the date each amount was withheld, and a required identifier such as the case number.

Contact the receiving agency for more information on combined payments.

4. *What if my employee tells me the court-ordered withholding is the wrong amount or that I do not need to withhold?*

Your employee should contact the state Child Support Enforcement Agency if s/he disputes any element of the order. Make it clear that by law, until you are otherwise notified, you must comply with the terms of the withholding order as issued.

5. *How will our company know when to stop income withholding for an employee?*

In some cases, the income withholding order states a specific date when the amount should be changed or stopped. If no such instruction is contained in the order, continue withholding until the Child Support Enforcement Agency or court notifies you to change or stop the withholding.

6. *If I send a payment in error, can it be refunded and how long will this process take?*

You should contact the State Disbursement Unit or court and inquire as to the requirements and timeframe for a refund. This process may vary from state to state.

7. *Income withholding requires a lot of extra paperwork on our part. May I charge a processing fee to the employees?*

Most states allow you to charge your employee an administrative fee for processing the income withholding. Contact your local or state Child Support Enforcement Agency to learn what the administrative fee is in your state. Note that the total amount you withhold for child support *plus fees* may not exceed the maximum amount permitted under the federal CCPA.

8. What if the fee plus the child support payment exceeds the maximum allowable amount under CCPA?

If the fee plus the child support exceeds the maximum amount allowed to be withheld under CCPA, you may take the entire amount of your administrative fee and make the child support payment less than the amount in the notice. The amount of support that would have been withheld but for the fee becomes part of the arrears owed by the noncustodial parent.

9. My employee's monthly child support obligation is $305. The CCPA limits in our state allow us to withhold only $300. He has asked us to withhold the additional $5, even though it exceeds the withholding limits, so that he will not accrue arrears. Can we do this at his request?

The only legal obligation that you have is to withhold the ordered amount up to the CCPA limits. However, depending on your company's policy, you may or may not honor his request. If you do, it would be wise to get his request in writing. If you do not honor the request, your employee is not prevented from sending additional payments on his own to the issuing agency to avoid an accrual of arrears.

10. We received an income withholding order from a Child Support Enforcement Agency in another state. Must we send payments directly to the other state?

Yes. Under the Uniform Interstate Family Support Act (UIFSA), employers are required to honor income withholding orders from other states as long as the order appears to be "regular on its face."

11. Our company has an employee who has remarried and now has a child by his second wife. He told us that we should reduce the amount of the child support he is paying to his first wife because of this second family. Is he right?

Yes and no.

No, because the **amount of child support** can only be modified by the court or agency that issued the original child support order. It is up to the employee to notify the court or agency of a change in his family situation that warrants an adjustment of his child support order. If the employee's child support order is adjusted, a revised Order/Notice to Withhold Income for Child Support will be issued to your company.

Yes, because **your application of the CCPA limits** changes when your employee is supporting a second family. The ordered amount of his child support obligation does

not change, but the (percentage) amount that you can withhold from his disposable income does. For example, in many states, the withholding ceiling would drop from 60% of the employee's allowable disposable income to 50% if he is supporting a second family. (See Chapter 6, *Calculating disposable income.*) Check your state law to determine the applicable limits.

12. How do we handle multiple child support orders for the same employee?

For multiple child support orders relating to *different* custodial families, you must add together the *current* support owed for each order and withhold that amount first. If this total amount for *current* support does not exceed the CCPA limits, you may then withhold additional earnings for any arrears, provided the withheld amount for arrears does not exceed the amount available under CCPA.

Refer to Chapter 5, *Handling an order/notice to withhold income for child support*, if you have received multiple child support orders for the same employee relating to the *same custodial family*.

13. Some of our employees already have income attachments against their paychecks. How do we handle these attachments and child support withholding?

Child support withholdings take priority over all other claims against the same wages except federal tax liens that were served before the child support order was served. Only after satisfying the child support obligation (to the CCPA maximum allowed limit) can you honor the other income attachments, provided the allowable limit for that type of garnishment has not already been exhausted by the amount of the child support withheld.

14. When I send income withholding payments, what date should I report on the income withholding return document?

On the Order/Notice to Withhold Income for Child Support, look under the section heading "Remittance Information." There, you are asked to provide the "pay date/ date of withholding." This is the date on which you withheld the child support payment from the noncustodial parent's paycheck. The date of the withholding will normally coincide with the pay date.

15. Our company's health insurance plan requires the employee to pay a premium for dependents, but the employee, who is already enrolled in the family plan, refuses to pay the increased premium. We have a valid medical support order for the dependent. How should we handle this?

Inform the employee that s/he is bound by law pursuant to a court order and must immediately comply by paying the premium. The employee does have due process rights allowing him/her to contest the medical support order, but until that order is modified, you must withhold the health insurance premium.

You should enroll the employee's dependent(s) and withhold the premium from the employee's wages. Forward the premium to the insurance company.

The health insurance premium is a separate amount owed in addition to any ordered monetary child support amount. Do not take the medical support payment out of the child support withholding.

Remember to calculate the withholdings (the current child support and the medical support) according to the federal and state Consumer Credit Protection Act limits. The CCPA sets limits on the maximum amount that can be withheld (60% of the employee's disposable earnings if the employee does not have another family and is not behind in current support).

16. Our company recently received a medical support order for an employee to enroll his child in a group plan offered by our company. The employee refuses to do so because he is aready enrolled in his second wife's plan. What should we do?

Inform your employee that you will notify the state agency of his refusal to enroll the child for medical support coverage. The state agency or the custodial parent has the authority (OBRA '93) to select the plan when the employee refuses to enroll the child.

17. My employee is enrolled in our health care plan in California. Our health insurance company does not cover services provided in Florida, where his child lives. What should we do?

Insurance companies are required to provide for services to dependent children in areas and/or states outside their geographical area. Contact your local Child Support Enforcement Agency with specific questions or problems.

18. I received an Order/Notice to Withhold that requires me to enroll my employee's children in our health insurance plan. Since this employee was recently hired, he has not yet met the 90-day waiting period prior to enrollment. Am I still required to enroll the children before the waiting period is over?

No. Children are not eligible for enrollment until the parent himself is enrolled. Some insurance companies require an employee to wait for 30 to 90 days before s/he is eligible for enrollment.

Please note that the "open enrollment," or annual enrollment season, is *not* the same as the initial waiting period that a new employee must meet before being enrolled.

19. Our company is quite small and does not offer group health insurance. Do we have to purchase group health insurance to cover medical child support?

No. Your employee would be required to provide health care coverage for his/her child only if it is available at a reasonable cost. If your company does not offer this coverage to any of its employees, you are not obligated to provide it for this purpose.

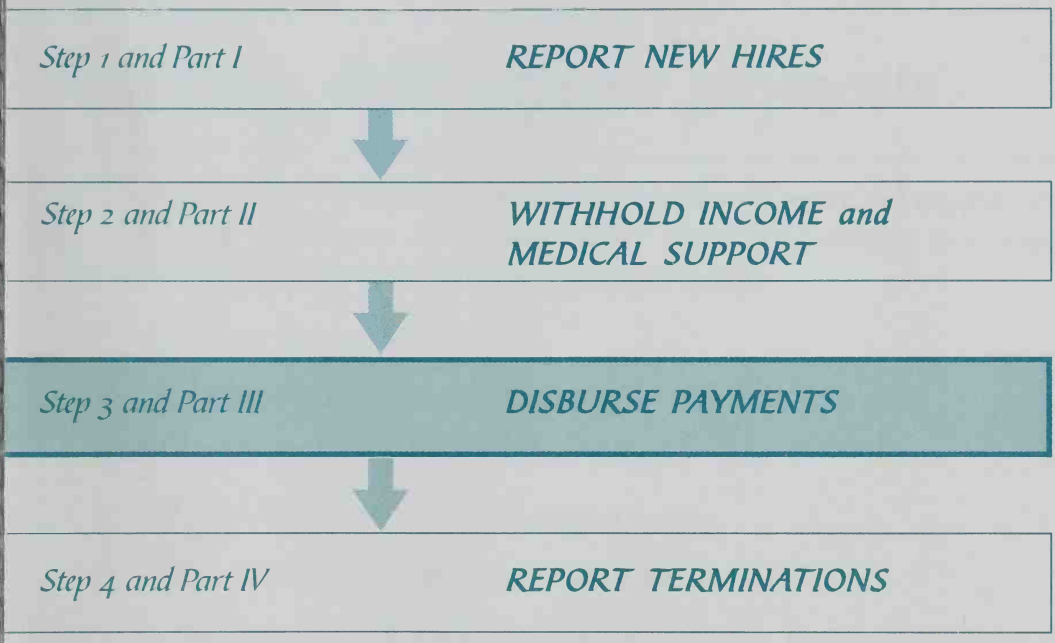
You may wish to refer your employee to the recently created Children's Health Insurance Program (CHIP). See Chapter 8, *Medical support*, and Appendix E for more information about this program.

20. Is an employee who has declared bankruptcy still liable for child support payments?

Yes. Even though an employee declares bankruptcy, s/he is still obligated to pay child support. Debts due for delinquent child support are not dischargeable in bankruptcy actions. An employer may be notified, however, that it is no longer responsible for withholding the payments because a trustee of the bankruptcy court may take over this task. Continue withholding until you receive official notification from the state agency or bankruptcy court.

21. We received an income withholding order for Mike, our office maintenance contractor. Since he is not, strictly speaking, our employee, do we need to honor the withholding order for Mike (our independent contractor)?

Yes, if your payments to Mike are periodic and meet the definition of "income." You must withhold child support when so ordered even if the order applies to independent contractors.


Step 1 and Part I
REPORT NEW HIRES
Step 2 and Part II
WITHHOLD INCOME and MEDICAL SUPPORT
Step 3 and Part III
DISBURSE PAYMENTS
Step 4 and Part IV
REPORT TERMINATIONS

Part III: Disburse Payments

Chapter 11: Remitting child support payments

Once you have calculated the amount to withhold on a child support order, where should you send those funds? There are currently five primary destinations for withheld child support payments:

- Directly to the custodial party.
- Indirectly through a private attorney.
- Indirectly through a court (Clerk of Court).
- Indirectly through a local child support agency.
- Indirectly through a centralized State Disbursement Unit.

The disbursement method varies from state to state. Orders issued prior to January 1, 1994 may require employers to send payments to an attorney or custodial party. In states with court-based systems, the courts collect the funds from the employer and then pass them along to the custodial party. Another payment practice is to send funds to a central location within a state—a process known as "centralized collections." The state then sends the funds directly to the custodial parties.

This chapter discusses several recent legislative changes designed not only to benefit the children being supported, but also to simplify the employer's task of processing remittances.

In particular, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, or "welfare reform") calls for every state to create a centralized State Disbursement Unit (SDU) by October 1999. Employers will then be able to send a single payment for all their child support orders to a single site in each state—the SDU.

Keep in mind:

Employers will continue to be required to remit out-of-state child support payments separately. These should also be sent to the location indicated in the notice.

Tip:

Appendix B-1 provides general guidance on each state's remittance requirements. However, because legislative activity continues on welfare reform and child support, we recommend contacting your SDU *before* setting up a process for remittance to determine any special requirements or changes that may have occurred in recent legislative sessions.

Tip:

Documentation in the form of a proof of postmark or time stamp on the funds/information transmitted to the State Disbursement Unit may be helpful to show that the required payment was sent on a timely basis, should questions or disputes arise.

Guidelines for centralized collections

By October 1999, under the centralized collections mandate in welfare reform, employers will remit most, if not all, of their payments to the SDU. However, employers should continue to remit payments to the address specified in the income withholding notice until receiving proper notice from the state to redirect them.

Within the state, development of a centralized disbursement site will allow employers to submit a single payment to a single location for all eligible orders within that state. Employers must provide identifying information as to what cases the single payment covers so that the monies can be forwarded to the appropriate custodial party, and payment can be properly credited to the noncustodial parent.

Remittance deadline

Federal law requires employers to remit the payments to the State Disbursement Unit **within seven (7) business days of withholding** from an employee. Individual states may require remittance in less than 7 days.

Employers may need to verify that checks have been cashed, to reissue lost checks, and generally to "keep house" with respect to child support withholding payments. Most state Child Support Enforcement Agencies are willing to work cooperatively with the employer community to resolve issues.

Remember the state agencies must comply with turnaround times mandated by federal law, and this can only be done when employers transmit payments and information on a timely basis.

Chapter 12: Using EFT/EDI

The federal mandate requiring the states to set up State Disbursement Units (SDUs) will encourage more widespread use of electronic funds transfer and electronic data interchange, or EFT/EDI.

EFT/EDI can save money for employers through:

- Eliminating check processing costs.
- Eliminating postage and minimizing handling costs.
- Expediting payments to children and families, resulting in fewer calls to noncustodial parents and employers.
- Improving the speed and accuracy of communications with SDUs.

The time and cost savings offered by SDUs and EFT/EDI will be needed even more in the years to come. Thanks to stepped-up enforcement authority and innovations such as the New Hire Reporting Program, it is estimated that the number of noncustodial parent/employee withholding orders will soon increase by 25-50%.

Key definitions:

EFT, or **Electronic Funds Transfer**, is an automated process that moves dollars from one bank account to another. **EDI**, or **Electronic Data Interchange**, transmits information about the dollar transaction. In child support applications, **EFT** and **EDI** are used to simultaneously disburse child support payments and remittance information to state Child Support Enforcement Agencies.

Electronic transmission formats

There are currently two basic formats for electronic transmission of child support withholdings—CCD+ (Cash Concentration and Disbursement "Plus") and CTX (Corporate Trade Exchange)—both of which offer considerable savings over manual processing. Both CCD+ and CTX have also been approved for use by the American National Standards Institute (ANSI) ASC X 12 standards as a version of the 820 Payment Order/Remittance Advice.

States were required to be able to accept employer-originated child support withholding payments sent in the CCD+ format by September 30, 1997. States are not required to use the CTX (Corporate Trade Exchange) format, which is available through the National Automated Clearing House Association (NACHA).

Two publications prepared by the Bankers EDI Council of NACHA provide the current formats, definitions, and implementation recommendations necessary for EFT/EDI. These titles, *Child Support Application Banking Convention: A Guide for Child Support Enforcement Entities and Their Financial Institutions* and *Child Support Application Banking Convention: A Guide for Employers and Their Financial Institutions*, can be obtained by contacting NACHA at 1-800-487-9180 or by visiting the website at **www.nacha.org.**

Choosing a format

There are three questions a company should answer in determining which format to use:

- *Does my state accept this format?* More and more states are allowing employers to remit payments using the CTX format, but it is not as universally accepted as CCD+.
- *Can our company handle the requirements of the format?* The differences are subtle, but may be critical if your system is not capable of meeting the requirements.

  For instance, CTX transacts one payment for all the items on the addendum record, one deduction record per person listed, and one to many deduction records. In short, one payment record represents many employee payments. By contrast, CCD+ transacts one payment for each item on the addendum record, one deduction record per person, and only one deduction record may be sent. In short, the file lists one payment record for each employee on the file.

- *What are the costs associated with the format?* The State Disbursement Units often rely on a payment processing/banking contractor to handle disbursements. This usually results in a cost passed along to employers, just as there is in any kind of direct deposit transaction. Table 12-1 gives an example of costs quoted to an employer for implementing EFT payment processing using the CCD+ format.

Table 12-l: Typically, the costs to operate child support payment processing via EFT (CCD+ format) are nominal.

Description	One-time Cost	Monthly Cost
Set up	$300	N/A
Maintenance	- - - -	$25
Per transaction ($.08-$0.20)	- - - -	$600
Totals	**$300**	**$625***

*Costs per one financial location for 1,501–10,000 transactions per month.

Transaction instructions

The initial effort required to begin using EFT/EDI is well worth it. Employers who switch to electronic payments will enjoy lower costs, fewer errors, and faster processing. Listed below are the two steps you can take to use EFT/EDI for quicker, easier child support withholding:

Step 1: Contact the appropriate state Child Support Enforcement Agency.

- It is the agency in the state that collects the child support from your employee, i.e., the state to which you send the funds. It is almost always the State Disbursement Unit for the state where the income withholding is issued.
- Find out the EFT/EDI start-up procedures from the state to which you send funds. *Please do not transmit child support withholdings electronically without that information.*

Step 2: Conduct the EFT/EDI start-up procedures for each state to which you send child support income withholdings. These typically include:

- An exchange of basic banking information, bank routing codes, bank account numbers, and Federal Information Processing Standards (FIPS) code information with the state agency;
- A reconciliation between state records and employer records of Social Security numbers and case identification numbers so that each employee's withholdings are properly credited; and
- A transmission of an initial test file, or *pre-note*, to ensure that the automated clearing house (ACH) records are formatted and transmitted properly.

Chapter 13: Q&A on disbursing payments

1. ***Will all payments that I deduct for child support be handled the same way after my state establishes a State Disbursement Unit?***

No. The requirement for centralized collections applies only to orders that are being enforced by a state Child Support Enforcement Agency, *and* private, non-agency orders that were established on or after January 1, 1994, that are being enforced through a wage withholding provision. Continue to remit payments according to the income withholding order/notice until notified by the state to do it differently.

2. ***How will I save time and money if I must still send withheld payments on non-IV-D cases to various sites instead of to a centralized collection site along with all the IV-D payments?***

Over time, as the pre-1994 cases diminish, the majority of both IV-D and non-IV-D cases will go to a centralized collection site.

3. ***Where do I go for information to get started with EFT or EDI?***

Employers are encouraged to contact their state Child Support Enforcement Agency and financial institutions to determine how to get started in EFT and EDI.

The National Automated Clearing House Association (NACHA), particularly its Bankers EDI Council (e-mail: bedic@nacha.org), can assist in obtaining additional information and locating EDI-capable financial institutions. Call NACHA at 1 (800) 487-9180.

The Data Interchange Standards Association (DISA) is the primary source of X12 syntax standards used in EFT/EDI.

The American Payroll Association (APA) and Treasury Management Association (TMA) are also valuable sources of information on child support and other EDI and EFT matters.

The Administration for Children and Families (ACF) of the U.S. Department of Health and Human Services operates a computerized bulletin board service (ACF BBS). The bulletin board can be accessed by users with a computer-based communications software program by calling a toll-free number (1-800-627-8886). The ACF BBS is available 24 hours a day, 7 days a week. By accessing the ACF BBS, users can:

- Leave messages and information requests for ACF staff.
- Download ACF fact sheets and press releases.
- Download files of interest about child support enforcement.

The ACF BBS is a menu-driven system with on-screen, context-sensitive help. In addition, ACF BBS users may call the system operator (SYSOP) for help and to determine interface requirements at (202) 401-5682.

4. What are the timeframes required for me to process EFT payments?

As a general rule, payments for child support should be remitted no later than seven business days after they have been deducted from the employee's paycheck. Check with your state Child Support Enforcement Agency for specific deadlines.

5. I have a small payroll and it is easier for me to mail in withheld child support payments. Do I have to use EFT/EDI?

You are not required to use EFT/EDI. You may continue to mail child support payments as you do now.

6. How will EFT/EDI improve my operations and the state's?

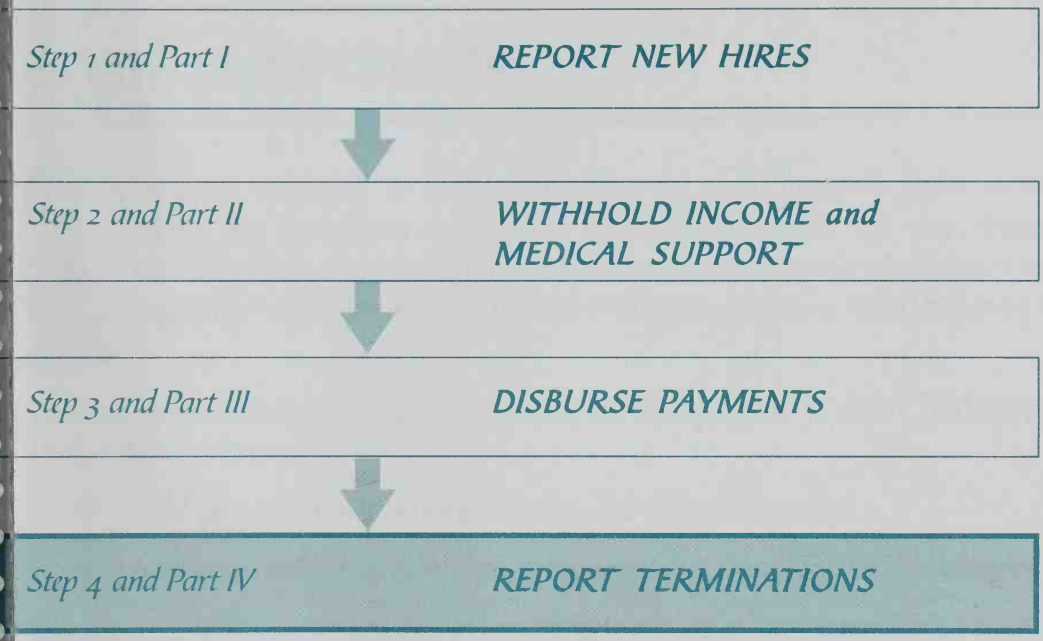
The EFT/EDI process will reduce costs for you by minimizing the manual labor involved in preparing checks. If you currently use a payroll service, the service may be able to implement EFT. EFT will also reduce the costs to the state agencies of handling the mail and processing the checks. Finally, children will receive their child support much faster.

7. Will there be assistance provided with EDI problems that may arise?

Yes. Contact the Child Support Enforcement Agency receiving the payments and/or NACHA at 1 (800) 487-9180.

8. How can I get additional information about the electronic formats of files?

Additional information can be obtained through your state Child Support Enforcement Agency, through NACHA at 1 (800) 487-9180, or by e-mail at bedic@nacha.org.


Step 1 and Part I
REPORT NEW HIRES
Step 2 and Part II
WITHHOLD INCOME and MEDICAL SUPPORT
Step 3 and Part III
DISBURSE PAYMENTS
Step 4 and Part IV
REPORT TERMINATIONS

Part IV: Report Terminations

Chapter 14: Legal requirements

The final stage of an employer's role in child support cases occurs when the employer-employee relationship ends for any reason. When this happens, the employer must, at a minimum, notify the court or state Child Support Enforcement Agency that the obligated employee is no longer on the payroll.

This information from the employer is needed so that the court or state Child Support Enforcement Agency knows that:

- Your organization is no longer paying the obligated parent.
- A new Order/Notice to Withhold Income can be issued to the new employer.

Because employers must now report new hires to a state agency, requiring termination information may seem redundant. However, federal legislation is still in place that directs every state to collect and report termination information. The states therefore require employers, in turn, to report their employee terminations.

How to report a terminated employee

The Order/Notice to Withhold Income told you, the employer, whom to notify and how soon after the employee's departure to report the fact. Most *but not all* states require that the termination report be sent only to the Child Support Enforcement Agency or court. Texas, for one exception, requires the employer to notify the custodial party as well as the court.

In all cases, the employer's termination report must provide the last known address of the employee and, if known, the name and address of the new employer. Some states also require the employer to provide the obligated employee's Social Security number and date of termination.

Some states also require an employer to report the amount of any final lump-sum payments given to an employee, such as accrued vacation pay. In such states, the employer may need to delay that final payment—to both the former employee and to the State Disbursement Unit—until the agency or court provides instruction.

Handling termination of medical benefits

Your state may require additional termination data for medical support or insurance purposes. This information may be used to ensure continuity of health insurance coverage for the child or to alert the custodial party about changes in coverage. For example, some states:

- Require information, if known, about any new health care insurer.
- Require notification of the state Department of Health and Welfare or the custodial parent within 45 days after the employee leaves employment.
- Require that the child be enrolled in Comprehensive Omnibus Budget Reconciliation Act (COBRA) coverage if the person carrying the insurance terminates and elects COBRA coverage for himself or herself.

Tip:

It is *always* a good idea to check with your state Child Support Enforcement Agency before processing an obligated employee's termination. Termination reporting requirements not only vary from state to state, but also may change from one year to the next.

Chapter 15: Rules for rehires

When a former employee is rehired, the employer's first task is to submit a new hire report. Review Chapter 1, if you need to refresh your memory on new hire reporting requirements.

Reactivating an existing withholding order

In addition to reporting the rehired employee, the employer may also be required to reactivate income withholding based on the Order/Notice to Withhold Income for Child Support that was in effect at the time of termination, unless that order has expired. **How long these orders must be kept active varies from state to state.** For instance, some states require that an income withholding order be reactivated if the employee is rehired within 90 days.

The requirement to reactivate orders automatically is especially beneficial in those industries that typically undergo seasonal layoffs and rehiring.

Again, it is true that the employee's rehired status is captured in your new hire reporting. But so long as the federal law to reactivate an income withholding order

Tip:

Employers may find it useful to develop a tickler file or some other flagging system to ensure that an income withholding order is automatically reactivated upon rehire (if state law so requires). Depending upon the structure of your company's payroll system, it may be possible to keep the child support deduction record active even after the obligated employee terminates.

upon reemployment remains on the books, it must be followed. Moreover, this procedure often expedites withholding by a pay period, which benefits all parties.

Medical insurance in rehire situations

There is no standard directive on how the employer should treat a previous medical withholding order where the children of the rehired obligated employee were covered under the employer's plan. Complicating this situation is the likelihood that the rehired employee may need to undergo a waiting period before rejoining the employer's health insurance plan. The following story describes a common case.

John Jones resigned from Pluto Aircraft company in April 1997 to take a better job at Mars Aircraft. He was at Mars from April 1997 through March 1998, during which time he and his children were covered under the Mars health insurance plan.

The good news is that when John was laid off by Mars Aircraft, Pluto immediately rehired him. The bad news is that Pluto's health insurance plan requires both new and rehired former employees to wait 90 days before they are eligible to enroll. So long as John is not eligible for coverage, his children are ineligible as well.

However, when John was laid off by Mars Aircraft, Mars was required to notify all parties—John, the custodial party, and the state's Child Support Enforcement Agency—of John's rights under COBRA to continued coverage in the Mars plan. To keep this COBRA-protected coverage during the 90-day waiting period at Pluto, John would need to make payments directly to the Mars/COBRA Plan Administrator. No withholding would be involved by either Mars or Pluto.

But suppose that Pluto rehired John in a different capacity or work status—say, as a part-time employee. Pluto, like many companies, does not offer medical benefits to employees classified as part-time. In that case, neither

John nor his children would be eligible for coverage in Pluto's health insurance plan. In all likelihood, John would take advantage of the full 18 months of coverage guaranteed under COBRA.

Chapter 16:
Q&A on reporting terminations

1. ***If we use a copy of the W-4 to report new hires, is there any reason why we can't use a copy of the final paycheck stub (which contains the terminated employee's Social Security number and home address) to report terminations?***

Only terminated employees with income withholding orders need to be reported. When an employee with an income withholding order terminates employment (for whatever reason), it is the employer's responsibility to notify the state Child Support Enforcement Agency, giving the employee's name, case identifier, date of separation, last known address, and, if known, the new employer's name and address.

The final paycheck stub does not include any information about the employee's new employer, which is needed in order to send a new withholding order/notice. The standardized Order/Notice to Withhold Income for Child Support lists this information under item #5 on the back of the form (see Exhibit 5-2). The employer should complete this item (or similar information on a state form) and return it to the state agency.

2. ***What happens if we temporarily lay off an employee during a slow period, but keep him on our payroll roster in "on-call" status?***

Forward this information to the Child Support Enforcement Agency to alert them why they are no longer receiving any withheld payments.

Generally, you do not need to submit a new hire report for an employee kept on a payroll roster in an "on-call" status and then returned to an active status, unless you require that employee to complete a new W-4 form.

3. *What is the deadline for reporting terminations?*

Only terminated employees who have income withholding orders must be reported. State laws vary regarding timeframes for termination, e.g., five or seven business days. Be sure to check the applicable deadlines in your state.

4. *Are there any federal or state penalties for failure to report terminations? How about failure to meet the deadline for reporting?*

Only terminated employees with income withholding orders for child or medical support must be reported. States vary as to whether they have penalties for failure to report terminations for employees with income withholding orders. Be sure to check with your state agency for specific information.

5. *Should we report terminated employees who quit during their first pay period?*

Yes. Because (1) an employer/employee relationship existed, (2) the employee filled out a W-4 form, (3) a new hire report was submitted for this employee, and (4) an income withholding order/notice was received for this person, you must submit a termination report. Even though the employment period was brief, the reported information may be the key to locating a delinquent noncustodial parent.

6. *In the example given in Chapter 15, "Rules for rehires," what happens to John and his children when his COBRA coverage runs out?*

Neither Mars nor Pluto would have any further obligation with regard to medical support for the family, unless John's status as a part-time employee changes. Nevertheless, as a concerned colleague, you may want to refer John to your state's Medicaid or Healthy Families agency, where he and/or his children may qualify for a low-income health insurance program, or to the Children's Health Insurance Program (CHIP) in your state.

7. *What do I do if my employee with an income withholding order/notice quits?*

You must continue to withhold through the employee's final paycheck and inform the state agency or court immediately that the employee has resigned. Complete the back of the Order/Notice to Withhold Income for Child Support form under #5, *Termination Notification.* You must give the employee's last known address and, if known, the name and address of the employee's new employer. If the employee returns to work for you, you must report that person as a new hire.

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Appendix A: Employee rights and responsibilities

Employees have certain rights, guaranteed them by law, regarding the withholding of their income. For example, Title III of the Consumer Credit Protection Act (CCPA) of 1968 prohibits an employer from discharging an employee whose earnings have been subject to garnishment for one debt. Title III also limits the amount of the employee's earnings that may be garnished in any one week. This protection applies to all individuals who receive earnings and to their employers.

Constitutional guarantees of due process

The Bill of Rights—specifically, Amendments 5 and 14 to the Constitution—guaranteed that "no person shall be deprived of life, liberty or property without due process of law." This is one of the most cherished Constitutional protections.

In the context of child support, due process requires that every support order be issued in an orderly proceeding, where the obligated party is given notice and has an opportunity to enforce and protect his or her rights before a court having power to hear and decide the case.

Both state and federal laws mandate procedures that safeguard the due process rights of parties in family support cases. These procedures require that courts or administrative bodies give the obligated party adequate notice of the proceeding. Furthermore, the obligated party must be given the opportunity to agree or contest the amount or existence of the support obligation.

Keep in mind:

The state agency must have procedures for promptly refunding to non-custodial parents amounts which have been improperly withheld.

The obligated party can present evidence and arguments in support of his/her claims and has the right to appeal an order that s/he believes is unfair.

Contesting the Income Withholding Order/Notice

If your employee disagrees or finds fault with the terms of the withholding order/notice, it is his/her responsibility–**not yours**—to notify the Child Support Enforcement Agency in the issuing state. Your employee may hire an attorney, or seek assistance to modify the order (even for an order from another state) from the Child Support Enforcement Agency in his/her state.

Tip:

When you give a copy of the income withholding order/notice to your employee, it may be the first time s/he hears about it. State agencies are no longer required to give advance notice of income withholding to noncustodial parents. Notice is only required to be sent once withholding has begun, and will include information sent to the employer and how to contest the withholding order in case of a mistake.

If your employee decides to formally contest the withholding , s/he must follow the law in the employer's state, i.e., the state where you received the withholding. If the employee does contest the withholding, you must follow your state law regarding continuation of withholding during a contest.

You may receive an income withholding order that your employee says was sent in error. Your employee may claim "mistake of identity" (i.e., he is the wrong John Smith, or never had any children) or "mistake of law" (i.e., he claims the underlying child support order was revoked or stayed). It is still your employee's responsibility to notify the issuing agency and inform them about the mistake. You are responsible for honoring the order in accord with your state law until notified by a tribunal (court or administrative hearing agency) of your state or by the issuing agency.

Consumer Credit Protection Act (CCPA)

The CCPA is a compromise between pro-consumer and pro-creditor states. The original draft of the legislation banned garnishments altogether! The final version of the legislation provided for garnishments, while limiting the amounts that could be withheld.

Key definition:

Wage garnishment is the legal procedure through which the earnings of an individual are required by court order to be withheld by an employer for the payment of a debt.

While protecting an employee from being discharged because of garnishment for one debt, the law does not protect an employee from discharge if the employee's earnings are subject to garnishment for a second or subsequent debts. For example, if an employee receives a garnishment from Fred's Custom Siding Company for $2,000 and this same garnishment is served weekly, monthly and so on, it is still considered to be one debt. If, however, an IRS levy is then served, this would be considered a second debt.

Title III of the CCPA also protects employees by limiting the amount of their earnings that may be garnished in any workweek or pay period. This limit is the lesser of:

- 25% of disposable earnings, or
- The amount by which disposable earnings exceed 30 times the federal minimum hourly wage.

This limit applies regardless of the number of garnishment orders received by an employer. The current federal minimum wage (effective September 1, 1997) is $5.15 per hour.

The CCPA and child support

In court orders for child support or alimony, the Consumer Credit Protection Act allows up to 50% of an employee's disposable earnings to be garnished if the employee is concurrently supporting a spouse or

child and up to 60% for an employee who is not. An additional 5% may be garnished for support payments that are more than 12 weeks in arrears. Such garnishments are **not** subject to the restrictions noted above.

"Disposable income" for child support purposes is the amount of employee earnings left after legally required deductions have been made for federal, state, and local taxes; Social Security; unemployment insurance; and state employee retirement systems. Other deductions that are not required by law, such as union dues, health and life insurance, and charitable contributions, are not subtracted from gross earnings when calculating the amount of disposable earnings for garnishment purposes. (For more detail, see Chapter 6, *Calculating disposable income.*)

The CCPA's garnishment restrictions do not apply to bankruptcy court orders or to federal and state back taxes. Nor do they affect voluntary wage assignments, i.e., situations in which workers voluntarily agree that their employers may turn over some specified amount of their earnings to a creditor or creditors.

Employees may seek assistance if they feel their employer has violated their rights. The CCPA is administered and enforced by the Department of Labor, Employment Standards Administration, Wage and Hour Division.

Employee redress

An employer may be penalized if an employee's rights are found to have been violated. Violations of Title III of the CCPA may result in the reinstatement of a discharged employee, with back pay, and the restoration of improperly garnished amounts.

Where violations cannot be resolved through informal means, an employee may initiate court action to restrain and remedy violations. Employers who willfully violate the discharge provisions of the law may be prosecuted criminally and fined up to $1,000, imprisoned for not more than one year, or both.

Relationship between the Consumer Credit Protection Act laws and other laws

In all cases, employers must not withhold more money than is allowed under the federal and state Consumer Credit Protection Act laws. This may be confusing because an income withholding order directs the employer to withhold a specific amount of money from each paycheck. Without being aware that other laws may

take precedence, an employer might withhold too much money. The employer could then be liable to the employee for the amounts withheld in error.

Employers must understand that a court order for support defines what the noncustodial parent is responsible for paying. The income order to withhold requires the employer to deduct the *allowed* maximum, taking into consideration the CCPA limits and the priorities assigned to other federal actions such as an IRS tax levy or bankruptcy.

As noted above, the CCPA limit is the lesser amount of 25% of disposable earnings or the excess disposable income over thirty times the federal minimum wage for *garnishment* of wages. There are exceptions for bankruptcy, state or federal tax levies, child support or alimony, and student loans. In 1977, the Consumer Credit Protection Act was amended to place ceilings on *child support* or alimony orders. Those limits range from 50 to 65% of disposable earnings.

Appendix B-1
State Income Withholding Requirements Chart

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
AL	$2.00	per month	Federal, state, city taxes, FICA	None	Contact court if income does not cover support orders	None	No law/policy
AK	$5.00	per income withholding	Required deductions including income taxes, FICA, mandatory retirement plans	40% of disposable income	Prorate	None	Keep order for 3 years after termination
AR	$2.50	per income withholding	Federal, state, local income taxes, FICA, Medicare, RR retirement medical insurance for dependent children, other child support	None	Prorate	Pay date	Keep on file until notified

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
AZ	Greater of $1.00 per pay period or $4.00 per month		Federal, state, local income taxes, FICA, Medicare taxes	None	Prorate current, then prorate arrears, then prorate medical support	2 days	Keep order for at least 90 days after obligation
CA	$1.00	per income withholding	Tips are excluded from income	50% w/o court order	Prorate current, prorate arrears	n/a	No law/policy
CO	$5.00	per month	Unemployment compensation is considered income	None	Prorate current medical support (dollar amount), then prorate arrears	None	Keep order until notified by IV-D; if employee leaves, notify IV-D or court within 10 days

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
CT	0	n/a	Federal income taxes, employment taxes, retirement contributions, union dues, initiation fees, group life and health insurance premiums	1st $145 exempt	Prorate current	None	Order stands until satisfied or modified
DE	0	n/a	Federal, state, and local taxes, FICA, mandatory retirement, union dues, public assistance payments	None	Employer withholds total up to CCPA limits; IV-D allocates payments	None	No law/policy
DC	$2.00	per income withholding	Required deductions	None	Prorate	1st payment w/in 7 days; 2nd & future pmts – payday	No law/policy

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
FL	$5/set up, then $2.00	per income withholding	VA benefits and unemployment compensation excluded from income except for purpose of establishing support	None	Prorate current, prorate arrears	2 days	No law/policy
GA	$25/set-up, then $3.00	per deduction	None	None	Prorate current, prorate arrears	2 days	No law/policy; contact IV-D if employee is terminated
GU	0	n/a	Income tax, FICA, mandatory retirement contributions	60% of disp. income if NCP has no other family; 50% with other family	Pay equal amount on current, then pay equal amount on arrears	None	Notify agency if employee is terminated
HI	$2.00	per income withholding	Income tax, FICA, mandatory retirement contributions	None	Prorate current, prorate arrears	5 days	Keep order until notified by IV-D

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
ID	$5.00	per income withholding	Required deductions	50% of disposable income	Prorate current, prorate arrears	None	Notify agency or court when employee is terminated (as verified by dept.)
IL	$5.00	per month	Payroll taxes, union dues, health insurance premiums	None	Prorate current, prorate non-TANF arrears, then TANF arrears	None	No law/policy
IN	0	n/a	Required deductions	None	Prorate	Pay date	No law/policy
IA	Up to $2.00	per income withholding	Required deductions	50% of disposable income	Prorate current, then prorate arrears	None	No law/policy
KS	Lesser of $5.00 per period or $10.00 per month		Required deductions	None	Equal amounts to current; remainder to arrears	None	No law/policy

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
KY	$1.00	per income withholding	Required deductions	None	Employer withholds total; IV-D allocates	Regs. being drafted	No law/policy
LA	$5.00	pay period	Federal, state income taxes, FICA, retirement, medical, life insurance	50% of disposable income	Prorate current, then prorate arrears	None	No law/policy ; order is to follow employee
ME	$2.00	per income withholding	Federal, state, and local income taxes FICA, state, employee's retirement, required union dues	50% if unsure of household composition; otherwise follows CCPA	Prorate current, then prorate arrears	None	Order stands until debt has been paid
MD	$2.00	per income withholding	Required deductions, including Fed, state, and local taxes, FICA, and SSI payments	None	Prorate current, then prorate arrears	None	If employee leaves, notify court and IV-D within 10 days

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
MA	$1.00	per transaction	Federal, state, and local income taxes, FICA, and mandatory public employee deductions	50% of disp. income	Employer withholds total (up to 50%); IV-D allocates the payments	3 business days	No law/policy
MI	0	n/a	Required deductions	None	Prorate current, prorate arrears	3 days	No law/policy
MN	$1.00	per income withholding	Federal, state, local, income taxes, FICA, Medicare	None	Employers withhold up to CCPA limits; IV-D allocates payments	None	No law/policy; if employee leaves, notify IV-D within 10 days

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
MS	$2.00	per month (plus a $5 one-time startup fee to IV-D)	Required deductions including Federal, state, and local taxes, FICA, and other retirement and disability contributions	None	Prorate current, then prorate arrears	None	Return copy of order to agency if employee is terminated
MO	$6.00	per month	Federal, state, local income taxes, FICA, other retirement and disability contributions, public assistance payments	None	Prorate current, then prorate arrears	None	No law/policy; keep order until notified by enforcing authority

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
MT	$5.00	per month	Federal, state income taxes, FICA, employment taxes, mandatory retirement and union dues	50% of disposable income	Prorate current, then prorate arrears	None	Keep order until notified by IV-D that order is terminated or modified
NE	up to $2.50	per month	Required deductions	None	Prorate	None	No law/policy
NV	$3.00	per income withholding	Federal, state income taxes, FICA, union dues, health care for dependents	50% of disposable income if NCP has other spouse or child; 60% if no other spouse or child	Prorate current, then prorate arrears	None	Keep order until notified by enforcing authority
NH	$1.00	per income withholding	Required deductions	None	Prorate current, then prorate arrears	None	No law/policy

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
NJ	$1.00	per income withholding	Required deductions	None	Prorate	None	No law; if employee leaves, notify IV-D
NM	$1.00	per income withholding	Required deductions, union dues	None	Prorate	None	No law/policy
NY	0	n/a	Required deductions	None	Prorate current, then prorate arrears, then prorate med. support	None	Return order to issuer if employee terminates

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
NC	$2.00	per income withholding per pay period	Federal, state, and local taxes, FICA, and involuntary retirement contributions	40% of disp. inc. for 1 support order; 45% of disp. inc. for mult. ord. when NCP has spouse or other dependent children; 50% disp. inc. for mult. ord. if NCP does not have spouse or other dependent children	Employers withhold up to CCPA limits; call local agency with questions; agency allocates	None	No law/policy
ND	$3.00	per month	Required deductions (taxes and FICA)	50% of disp. income	Prorate current, then prorate arrears	None	Order to be kept on file indefinitely unless the employer is notified to terminate

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
OH	greater of $2 or 1%; finan. instit.: lesser of $5 or lowest rate charged	per income withholding	Required deductions	50% cap on unemployment compensation	Prorate current, then prorate arrears	None	Order to be kept on file until notified by IV-D to terminate or to reduce withholding
OK	$5.00 up to $10.00	per deduction per month	Required deductions (taxes and FICA)	Not exceeding 50% of disp. inc. in practice	Prorate current, then prorate arrears on 1st come 1st served basis	None	Orders to be kept on file indefinitely

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
OR	$5.00	per month	Required deductions (taxes and FICA)	Withholding plus fee not to exceed 50% unless by court order but still not to exceed CCPA limits. (Arrears only cases must retain 160 hours x federal minimum wage before withholding occurs.)	Prorate current, then apportion any remaining amount among all orders	None	No law/policy
PA	2%	per income withholding	Required deductions	None	Prorate current, prorate arrears	None	No law/policy
PR	up to $1.00	per income withholding	Required deductions	None	Employer withholds up to CCPA; agency allocates	None	Orders to be kept on file until 30 days after termination

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
RI	$2.00	per income withholding	Federal and state taxes, FICA	None	Employer withholds up to CCPA limits; CSE prorates current, then arrears	None	No law/policy
SC	$3.00	per income withholding	Federal, state, local taxes, FICA, other retirement deductions, disability contributions	None	Prorate current; must allocate to every support order	10 days [will pursue amendment]	If employee leaves, employer's responsibility ends.
SD	0	n/a	Federal, state taxes, FICA, Medicare	50% of disp. income	Prorate current, then prorate arrears	None	No law; policy directs termination of withholding order

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
TN	up to 5% of deduction but not to exceed $5	per month	Required deductions, including FICA and health insurance premium for dependent	50% of disp. income after deducting health insurance premium for dependent, FICA, and other mandatory withholdings	Prorate current, then arrears, then spousal support, then spousal arrears	None	No law/policy
TX	up to $5.00	per month	Required deductions, union dues, non-discretionary retirement contributions, med., hosp., and disability insurance for NCP and dependents	50% of disp. income	Equal amounts to current; then equal amounts to arrears	None	No law/policy

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
UT	up to $10.00	per month	Federal, state, local income taxes, FICA, and Medicare	None	Prorate current, then prorate arrears		Keep withholding order in place until notified
VT	$5.00	per month	Deductions required by law	None	Employer withholds up to CCPA limits; IV-D allocates payments	None	No law/policy
VI	up to $1.00	per income withholding	Required deductions	None	Employer withholds total of all orders; IV-D prorates	None	Order to be kept until date of termination or modification
VA	$5.00	per income withholding	Required deductions (taxes and FICA)	None	Prorate current, prorate arrears	Pay date or 4 days if using EFT/EDI	Employer to notify VA DCSE if employee terminates

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
WA	$10/set-up then $1.00	per disbursement	Required deductions	50% of disp. Income	Prorate current, then prorate arrears; WA orders honored first	Pay date	Order to be kept for 1 year after termination
WV	$1.00	per income withholding	Required deductions	Follows CCPA limits (amount is usually current support plus 25% of current support to arrearage)	Employer withholds up to CCPA limits; prorate current, then apply the rest equally among arrears	Pay date	Keep order in effect until notified; if employee leaves, notify IV-D
WI	actual costs up to $3	per payroll deduction	Federal, state, local income taxes, FICA	May not withhold at a level that would leave payor below poverty level for current support and arrearages	Prorate	5 days	Keep order in effect until notified; if employees leaves; notify IV-D

Appendix B-1
State Income Withholding Requirements Chart

State	Fee (Maximum Allowed)	Fee Frequency	Disposable Earnings Exclusions	Exceptions to Federal CCPA Limits	Allocation of Multiple Orders	Exception to 7-day Remittance	Order Retention Upon Employee's Termination
WY	$5.00	per income withholding	Federal, state, local income taxes, FICA, dependent health care coverage, mandatory pension deductions, other child support	None	Prorate current, then prorate arrears	10 days [legislature plans to amend this]	If employee leaves, notify IV-D within 10 days.

Appendix B-2
State Child Support Contacts Chart

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Alabama	Department of Human Resources	Division of Child Support	50 Ripley Street	Montgomery	AL	36130-1808	334-242-9300
Alaska	Child Support Enforcement Division	550 W. 7th Avenue, Suite 310		Anchorage	AK	99501-6699	907-269-6900 (AVR)*
Arizona	Division of Child Support Enforcement	P.O. Box 40448		Phoenix	AZ	85067	602-252-4045 (AVR)*
Arkansas	Office of Child Support Enforcement	P.O. Box 8133		Little Rock	AR	72203	501-682-8398
California	Office of Child Support--9700	P.O. Box 944245		Sacramento	CA	95244-2440	916-654-1532 (AVR)*

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Colorado	Division of Child Support Enforcement	1575 Sherman Street, 2nd Floor		Denver	CO	80203-1714	303-866-5994
Connecticut	Department of Social Services	Bureau of Child Support Enforce-ment	25 Sigourney Street	Hartford	CT	06106-5033	860-424-5251
Delaware	Division of Child Support Enforcement	Delaware Health and Social Services	1901 North Dupont Hwy., P.O. Box 904	New Castle	DE	19720	302-577-4800
District of Columbia	Bureau of Paternity & Child Support Enforcement	800 9th St., SW	2nd Floor	Washington	DC	20024-2480	202-645-7500

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Florida	Child Support Enforcement Program	Department of Revenue	P.O. Box 8030	Tallahassee	FL	32314-8030	850-488-4975 (AVR)*
Georgia	Child Support Enforcement	2 Peachtree St., NW	20th Floor, Suite 445	Atlanta	GA	30303	404-657-3851
Guam	Office of the Attorney General	238 Archbishop Flores Street	7th Floor	Hagatna	GU	96932	011-671-475-3360
Hawaii	Child Support Enforcement Agency	601 Kamokila Boulevard, Suite 251		Kapolei	HI	96707	808-587-4250
Idaho	Bureau of Child Support Services	Department of Health and Welfare	450 West State Street, 5th Floor	Boise	ID	83720-5005	208-334-2479 (AVR)*

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Illinois	Child Support Enforcement Division	Illinois Department of Public Aid	509 South Sixth, P.O. Box 19405	Springfield	IL	62701-1825	217-524-4590 (Clients only) 217-524-4602 (Employers only)
Indiana	Child Support Bureau	402 West Washington St.	Room W360	Indianapolis	IN	46204	317-233-5437
Iowa	Bureau of Collections	Department of Human Services	Hoover Building, 5th Floor	Des Moines	IA	50319	515-281-5580 (AVR)*
Kansas	Child Support Enforcement Program	Department of Social and Rehabilita-tion Services	P.O. Box 497	Topeka	KS	66601	785-296-3237

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Kentucky	Division of Child Support Enforcement	Cabinet for Human Resources	P.O. Box 2150	Frankfort	KY	40602-2150	502-564-2285 (AVR)*
Louisiana	Support Enforcement Services	Office of Family Support	P.O. Box 94065	Baton Rouge	LA	70804-4065	504-342-4780 (AVR)*
Maine	Division of Support Enforcement and Recovery	Bureau of Income Mainte-nance--DHS	State House Station 11, Whitten Road	Augusta	ME	04333-0011	207-287-2886
Maryland	Child Support Enforcement Administration	Department of Human Resources	311 West Saratoga Street	Baltimore	MD	21201	410-767-7619
Massachusetts	Division of Child Support Enforcement	Department of Revenue	P.O. Box 9492	Boston	MA	02205-9492	1-800-332-2733 (AVR)*
Michigan	Office of Child Support	Department of Social Services	P.O. Box 30478	Lansing	MI	48909-7978	517-373-7570

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Minnesota	Office of Child Support Enforcement	Department of Human Services	444 Lafayette Rd., 4th Floor	St. Paul	MN	55155-3846	651-215-1714
Mississippi	Division of Child Support Enforcement	Department of Human Services	P.O. Box 352	Jackson	MS	39205	601-359-4888 601-713-2979 (Alternate)
Missouri	Department of Social Services	Division of Child Support Enforce-ment	P.O. Box 2320	Jefferson City	MO	65102-2320	573-751-4301
Montana	Child Support Enforcement Division	Department of Public Health and Human Services	P.O. Box 202943	Helena	MT	59620	406-442-7278 (AVR)*
Nebraska	Child Support Enforcement Office	Department of Social Services	P.O. Box 94728	Lincoln	NE	68509-4728	402-479-5555

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Nevada	Child Support Enforcement Program	Nevada State Welfare Division	2527 North Carson Street	Carson City	NV	89706	702-687-4744
New Hampshire	Office of Child Support	Division of Human Services	6 Hazen Drive	Concord	NH	03301	603-271-4427
New Jersey	Division of Family Development	Bureau of Child Support and Paternity Programs	CN Box 716	Trenton	NJ	08625-0716	609-588-2385
New Mexico	Child Support Enforcement Bureau	Depart-ment of Human Services	P.O. Box 25109	Santa Fe	NM	87504	505-827-7200 (AVR)*

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
New York	Office of Child Support Enforcement	Depart-ment of Social Services	P.O. Box 14, One Commerce Plaza	Albany	NY	12260-0014	518-474-9081
North Carolina	Child Support Enforcement Section	Division of Social Services	100 East Six Forks Road	Raleigh	NC	27609-7750	919-571-4114 (AVR)*
North Dakota	Department of Human Services	Child Support Enforce-ment Agency	P.O. Box 7190	Bismark	ND	58507-7190	701-328-5440 (AVR)*
Ohio	Office of Child Support Enforcement	Department of Human Services	30 East Broad Street, 31st Floor	Columbus	OH	43266-0423	614-752-6561

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Oklahoma	Department of Human Services	Child Support Enforce-ment Division	P.O. Box 53552	Oklahoma City	OK	73152	405-522-5871
Oregon	Recovery Services Section	Oregon Child Support Program	1495 Edgewater, NW	Salem	OR	97304	503-986-5950
Pennsylvania	Bureau of Child Support Enforcement	Department of Public Welfare	P.O. Box 8018	Harrisburg	PA	17105	717-787-3672
Puerto Rico	Child Support Enforcement	Department of Social Services	P.O. Box 3349	San Juan	PR	00902-9938	787-767-1500

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Rhode Island	Department of Administration	Division of Taxation--Child Support Enforcement	77 Dorrance Street	Providence	RI	02903	401-222-2847 (AVR)*
South Carolina	Department of Social Services	Child Support Enforcement Division	P.O. Box 1469	Columbia	SC	29202-1469	803-898-9341
South Dakota	Office of Child Support Enforcement	Department of Social Services	700 Governor's Drive	Pierre	SD	57501	605-773-3641
Tennessee	Child Support Services	Department of Human Services	400 Deaderick Street, 12th Floor	Nashville	TN	37248	615-313-4880

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Texas	Office of the Attorney General	Child Support Division	P.O. Box 12017	Austin	TX	78711-2017	512-460-6000
Utah	Bureau of Child Support Services	Department of Human Services	P.O. Box 45011	Salt Lake City	UT	84145-0011	801-536-8500 (AVR)
Vermont	Office of Child Support	103 South Main Street		Waterbury	VT	05671-1901	802-244-2313 (AVR)*
Virgin Islands	Paternity and Child Support Division	Department of Justice, GERS Bldg., 2nd Floor	48B-50C Krondprans Gade	St. Thomas	VI	00802	340-775-3070

Appendix B-2
State Child Support Contacts Chart

State Name	Organization	Street	Street1	City	State	Zip Code	Main Number
Virginia	Division of Child Support Enforcement	Department of Social Services	730 East Broad Street	Richmond	VA	23219	802-241-2313 802-692-2458 (Alternate)
Washington	Division of Child Support	Department of Social and Health Services	P.O. Box 9162	Olympia	WA	98507-9162	360-664-5000 1-800-922-4306 (Toll Free)
West Virginia	Child Support Enforcement Division	Department of Health & Human Resources	1900 Kanawha Blvd., Bldg. 6, Room 817	Charleston	WV	25321	304-558-4665 304-558-3780 (Alternate)
Wisconsin	Bureau of Child Support Enforcement	Division of Economic Support	P.O. Box 7935	Madison	WI	53707-7935	608-266-9909
Wyoming	Child Support Enforcement	Department of Family Services	Hathaway Building, 3rd Floor	Cheyenne	WY	82002	307-777-6948

Appendix B-3
State New Hire Contact and Reporting Chart

STATE NEW HIRE CONTACTS

The following telephone numbers are current as of January 1999.

Alabama	(334) 353-8491
Alaska	(907) 269-6685
Arizona	(888) 282-2064
Arkansas	(800) 259-2095
California	(916) 657-0529
Colorado	(303) 297-2849
Connecticut	(860) 263-6310
Delaware	(302) 577-4815, ext. 237
District of Columbia	(888) 689-6088
Florida	(888) 854-4791
Georgia	(888) 541-0469
Guam	(671) 475-3360
Hawaii	(808) 587-3738
Idaho	(800) 627-3880
Illinois	(800) 327-4473
Indiana	(800) 437-9136
Iowa	(515) 281-5331
Kansas	(888) 219-7801
Kentucky	(800) 817-2262
Louisiana	(888) 223-1461

Maine	(207) 287-2886
Maryland	(888) 634-4737
Massachusetts	(800) 332-2733
Michigan	(800) 524-9846
Minnesota	(800) 672-4473
Mississippi	(800) 241-1330
Missouri	(800) 585-9234
Montana	(888) 866-0327
Nebraska	(888) 256-0293
Nevada	(888) 639-7241
New Hampshire	(800) 803-4485
New Jersey	(877) 654-4737
New Mexico	(888) 878-1607
New York	(800) 972-1233
North Carolina	(888) 514-4568
North Dakota	(800) 755-8530*
	(701) 328-3582
Ohio	(800) 208-8887
Oklahoma	(800) 317-3785
Oregon	(503) 378-2868
Pennsylvania	(888) 724-4737
Puerto Rico	(787) 767-1500, ext. 2003
Rhode Island	(888) 870-6461
South Carolina	(888) 454-5294
South Dakota	(888) 827-6078
Tennessee	(888) 715-2280
Texas	(888) 839-4473
Utah	(800) 222-2857*
	(801) 526-4361
Vermont	(888) 541-0049
Virgin Islands	(340) 776-3700, ext. 2038
Virginia	(800) 979-9014
Washington	(800) 562-0479
West Virginia	(800) 835-4683
Wisconsin	(888) 300-4473
Wyoming	(800) 970-9258

* An asterisk indicates that the toll-free number is only available in the state.

Appendix B-4
State EFT/EDI Contact Chart

Alabama
Tim Preskitt, Functional Analyst
Phone (334) 353-1183
Fax (334) 242-0606

Alaska
John Mallonee, Assistant Director
Phone (907) 269-6843
Fax (907) 787-3134

Arizona
Sheryl Smith, Management Analyst II
Phone (602) 252-2101, ext. 224
Fax (602) 253-9225

Arkansas
Codney Washington, Project Director
Phone (501) 374-5555
Fax (501) 372-3452

California
Elaine Moody, Chief
Phone (916) 263-2137
Fax (916) 263-5347

California (Los Angeles County)
Michael Hamilton, Assistant Data Processing Manager
Phone (323) 889-2982
Fax (323) 887-9333

Colorado
Craig R. Goellner
CSE System Manager
Phone (303) 866-5728
Fax (303) 866-3574

Connecticut
Cynthia Krewsky
Phone (860) 424-5510
Fax (860) 424-4956

District of Columbia
Sheila Bradley, ADP Project Manager
Phone (202) 645-5336
Fax (202) 645-4123

Delaware
Virginia Oettinger, Social Services Senior Administrator
Phone (302) 577-4815, ext. 249
Fax (302) 577-4873

Florida
Buster Pfaender, Revenue Program Administrator
Phone (850) 922-6350
Fax (850) 487-9403

Georgia
Rodney Hicks, Accounting Manager
Phone (404) 657-3904
Fax (404) 657-1462

Guam
Dion Lyle, Computer Operator III
Phone (671) 475-3236
Fax (671) 477-8116

Hawaii
Alton Kagawa, Accountant/CSEA
Phone (808) 587-3636
Fax (808) 587-3716

Idaho
Beverly Lindsay
Information Technology Manager
Phone (208) 334-4976
Fax (208) 334-4916

Illinois
Pam Doyle, Special Projects Unit
Phone (217) 524-4602
Fax (217) 524-4608

Indiana
Mary Francis, Collections Supervisor
Phone (317) 232-4893
Fax (317) 233-4925

Iowa
Gloria I. Brenneman, Management Analyst/CSC
Phone (515) 281-6389
Fax (515) 281-6632

Kansas
Tricia Barker, KESSEP Implementation Manager
Phone (785) 291-3151
Fax (785) 296-8828

Kentucky
Bruce K. Paul, EFT Coordinator/ Division of CS
Phone (502) 564-2285, ext. 447
Fax (502) 564-5988

Louisiana
Lisa Andry, Assistant Director
Phone (225) 342-2780
Fax (225) 342-7397

Maine
Steve Kimball, Program Specialist
Phone (207) 287-2886
Fax (207) 287-6883

Maryland
Iva Howard, Assistant Director of Collections Management
Phone (410) 767-7602
Fax (410) 333-8992

Massachusetts
Michael Grugnale, Lockbox Contact Manager
Phone (617) 727-9911
Fax (617) 727-0624

Michigan
Joseph F. Hyaduck, Jr., Systems Analyst
Phone (517) 241-9734
Fax (517) 241-9741

Minnesota
Robert McDowell, Project Team Leader
Phone (612) 296-8087
Fax (612) 297-4450

Mississippi
Joycelyn J. Woodall
Program Analyst II
Phone (601) 359-4629
Fax (601) 359-4565

Missouri
Janice Kliethermes, Correspondence and Information Specialist
Phone (573) 751-2623; (800) 585-9234
Fax (573) 526-8079

Montana
Maggie Baertsch, EFT/EDI Specialist
Phone (406) 444-2775
Fax (406) 444-1370

Nebraska
Cynthia Brammeier, Administrator, Project Manager
Phone (402) 471-6700
Fax (402) 471-6757

Nevada
Hope Tingle and Lori Hemovich, NOMADS Project
Phone (702) 684-5183 (Hope); (702) 684-5105 (Lori)
Fax (702) 684-5114

New Hampshire
Nancy J. Guimond
Business Administrator
Phone (603) 271-4219
Fax (603) 271-2896

New Jersey
Joe Melillo, Child Support Specialist I
Phone (609) 588-2371
Fax (609) 588-2354

New Mexico
Richard Quillin, Chief Information Officer
Phone (505) 476-7041
Fax (505) 476-7045

New York
Patrick Digilo, Manager
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Appendix C-1
Selected excerpts from the Uniform Interstate Family Support Act (UIFSA)

ARTICLE 5. ENFORCEMENT OF ORDER OF ANOTHER STATE WITHOUT REGISTRATION

Section 501. Employer's Receipt of Income-Withholding Order of Another State

Section 502. Employer's Compliance with Income-Withholding Order of Another State

Section 503. Employer's Compliance with Multiple Income-Withholding Orders

Section 504. Immunity from Civil Liability

Section 505. Penalties for Noncompliance

Section 506. Contest by Obligor

Section 507. Administrative Enforcement of Orders

SECTION 501. EMPLOYER'S RECEIPT OF INCOME- WITHHOLDING ORDER OF ANOTHER STATE.

An income-withholding order issued in another State may be sent to the person or entity defined as the obligor's employer under [the income-withholding law of this State] without first filing a [petition] or comparable pleading or registering the order with a tribunal of this State.

Comment

In 1984 Congress mandated that all States adopt procedures for enforcing income-withholding orders of sister States. As a result, the Child Support Project of the American Bar Association and the National Conference of State Legislatures promulgated a Model Interstate Income Withholding Act in 1985; however, the Model Act was not widely enacted. RURESA was silent on the subject. Direct recognition by the out-of-state obligor's employer of a withholding order issued by another State long was sought by support enforcement associations and other advocacy groups. In 1993 UIFSA recognized such a procedure.

Section 501 is deliberately written in the passive voice; the Act does not restrict who may send an income-withholding order across state lines. Although the sender will ordinarily be a child support enforcement agency or the obligee, the obligor or any other person may supply an employer with the income-withholding order. Further, "sending a copy" of a withholding order to an employer is clearly distinguishable from "service" of that order on the same employer. The latter necessarily intends to invoke the tribunal's authority only over an employer doing business in the forum State. But, for there to be valid "service" of a withholding order on an employer in another State, the tribunal must have authority to bind the employer. In most cases, this requires the assertion of the authority of a local responding tribunal in a "registration for enforcement" proceeding. The formality of "service" defeats the whole purpose of direct income withholding across state lines. This explains the deletion of the original requirement in the 1993 version of UIFSA that the income-withholding order of one State "may be sent by first class mail." In sum, the process contemplated is direct "notification" to an employer in another State of a withholding order without the involvement of initiating or responding tribunals. Therefore, receipt of a copy of a withholding order by facsimile, regular first class mail, registered or certified mail, or any other type of direct notice is sufficient to provide the requisite notice to trigger direct income withholding in the absence of a contest by the employee-obligor.

SECTION 502. EMPLOYER'S COMPLIANCE WITH INCOME-WITHHOLDING ORDER OF ANOTHER STATE.

(a) Upon receipt of an income-withholding order, the obligor's employer shall immediately provide a copy of the order to the obligor.

(b) The employer shall treat an income-withholding order issued in another State which appears regular on its face as if it had been issued by a tribunal of this State.

(c) Except as otherwise provided in subsection (d) and Section 503, the employer shall withhold and distribute the funds as directed in the withholding order by complying with terms of the order which specify:

(1) the duration and amount of periodic payments of current child-support, stated as a sum certain;

(2) the person or agency designated to receive payments and the address to which the payments are to be forwarded;

(3) medical support, whether in the form of periodic cash payment, stated as a sum certain, or ordering the obligor to provide health insurance coverage for the child under a policy available through the obligor's employment;

(4) the amount of periodic payments of fees and costs for a support enforcement agency, the issuing tribunal, and the obligee's attorney, stated as sums certain; and

(5) the amount of periodic payments of arrearages and interest on arrearages, stated as sums certain.

(d) An employer shall comply with the law of the State of the obligor's principal place of employment for withholding from income with respect to:

(1) the employer's fee for processing an income-withholding order;

(2) the maximum amount permitted to be withheld from the obligor's income; and

(3) the times within which the employer must implement the withholding order and forward the child support payment.

Comment

Major employers and national payroll associations urged the National Conference of Commissioners on Uniform State Laws to supply more detail regarding the rights and duties of an employer on receipt of an income-withholding order from another State. The Conference obliged with amendments to UIFSA that set forth a series of steps for the employer to track.

The employer's first step is to notify the employee of receipt of the out-of-state withholding order. If the employee disputes the validity of the withholding order, it is the employee's responsibility to take appropriate defensive measures to contest the withholding. At this point neither an initiating nor a responding tribunal is directly involved. The withholding order may have been forwarded by the obligee, the obligee's attorney, or the out-of-state IV-D agency. In fact, there is no prohibition against anyone sending a valid copy of an income-withholding order, even a stranger to the litigation, such as the child's grandparent. Subsection (a) does not specify the method for sending this relatively informal notice for direct income withholding, but rather

takes a permissive view of communication notice on the assumption that an obligor will act to prevent a wrongful invasion of income not owed as current child support or arrears.

Subsection (b) directs an employer of the enacting State to recognize a withholding order of a sister State, subject to the employee's right to contest the validity of the order or its enforcement. Prior to the promulgation of UIFSA, agencies in several States adopted a procedure of sending direct withholding requests to out-of-state employers. A contemporaneous study by the federal General Accounting Office reported that employers in a second State routinely recognized withholding orders of sister States despite an apparent lack of statutory authority to do so. UIFSA marked the first official sanction of this practice. Subsection (b) does not define "regular on its face," but the term should be liberally construed; see U.S. v. Morton, 467 U.S. 822 (1984) ("legal process regular on its face"). The rules governing intrastate procedure and defenses for withholding orders will apply to interstate orders. Thus, subsection (a) makes clear that employers who refuse to recognize out-of-state withholding orders will be subjected to whatever remedies are otherwise available under state law.

Subsection (c) is the answer to employers' complaints that insufficient direction for action was given by the original UIFSA. Formerly the employer was merely told to "distribute the funds as directed in the withholding order." This section clarifies the terms of the out-of-state order with which the employer must strictly comply, and those terms that are subject to compliance with local law. As a general principle, an employer is directed to comply with the specific terms contained in the order, but there are exceptions. Moreover, many income-withholding orders currently do not provide the detail necessary for the employer to comply with each and every directive. Fortunately, when the long-anticipated federal forms are finally promulgated, more uniformity in the text of child support orders will eventually occur. To the extent that an order is silent, the employer is not required to respond to unstated demands of the issuing State. Formerly, employers often were so concerned about ambiguous or incomplete orders that they telephoned child support enforcement agencies in other States to attempt to understand and comply with unstated terms. Employers should not be expected to become investigators or shoulder the responsibility of learning the law of 50 States.

Subsection (c)(1) directs that the amount and duration of periodic payments of current child support must be stated in a sum certain in order to elicit compliance. The duration of the support obligation is fixed by the controlling order and should be stated in the withholding order so that the employer is informed of the date on which the withholding is anticipated to terminate. The "sum certain" requirement is crucial to facilitating the employer's compliance. An order for a "percentage of the obligor's net income," for

example, does not satisfy this requirement. A State that typically issues its orders as a percentage of income is not entitled to compliance by an employer receiving an interstate income-withholding order by an employer. Such a State should revisit the issue and provide an order for a sum certain if the procedures set forth in this article are to be employed.

Subsection (c)(2) states the obvious: Necessary information must be clearly stated. For example, the destination of the payments must correspond to the destination originally designated or subsequently authorized by the issuing tribunal.

Subsection (c)(3) provides that medical support for the child must be stated either by a periodic cash payment or, alternatively, by an order directing the obligor to provide health insurance coverage from his employment. In the absence of an order for payment of a sum certain, an order for medical support as child support requires the employer to enroll the obligor's child for coverage if medical insurance is available through the obligor's employment. Failure to enroll the child should elicit, at the least, registration of the order for enforcement in the responding State, to be implemented by an order of a tribunal directing the employer to comply. Because the employer is so directed by the medical support order, enrollment of the child in the health care plan at the employee-obligor's expense is not dependent on the obligor's consent, any more than withholding a sum certain from the obligor's wages is subject to a veto. It is up to the obligor to assert any defense to prevent the employer from abiding by the medical support order.

Subsection (c)(4) identifies certain costs and fees incurred in conjunction with the support enforcement that may be added to the withholding order.

Subsection (c)(5) requires that the amount of periodic payments for arrears and interest on arrears also must be stated as a sum certain. If the one-order system is to function properly, the issuing State ultimately must be responsible to account for payments and maintain the record of arrears and interest rate on arrears. Full compliance with the support order will only be achieved when the issuing State determines that the obligation no longer exists.

Subsection (d) identifies those narrow provisions in which the law of the employee's work State, rather than the law of the issuing State, should apply. A large employer will almost certainly have a number of employees subject to income-withholding orders. From the employer's perspective, the procedural requirements for compliance should be uniform for all of those employees. Certain issues should be matters for the law of the employee's work State, such as the employer's fee for processing, the maximum amount to be withheld, and the time in which to comply. The latter necessarily includes the frequency with which income withholding must occur. This is also consistent with regard to the tax consideration imposed by choice of law considerations. The only

element of the list of local law concerns identified in subsection (d) which stirred any controversy whatsoever was the fact that the maximum amount permitted to be withheld is to be subject to the law of the employee's work State. Demands of equal treatment for all citizens of the responding State and the practical concern for uniform computer programming, however, mandate this solution.

SECTION 503. COMPLIANCE WITH MULTIPLE INCOME-WITHHOLDING ORDERS.

If an obligor's employer receives multiple income- withholding orders with respect to the earnings of the same obligor, the employer satisfies the terms of the multiple orders if the employer complies with the law of the State of the obligor's principal place of employment to establish the priorities for withholding and allocating income withheld for multiple child support obligees.

Comment

Consistent with the Act's general problem-solving approach, the employer is directed to deal with multiple income orders for multiple families in a manner consistent with local law.

SECTION 504. IMMUNITY FROM CIVIL LIABILITY.

An employer who complies with an income-withholding order issued in another State in accordance with this article is not subject to civil liability to an individual or agency with regard to the employer's withholding of child support from the obligor's income.

Comment

Because employer cooperation is a key element in interstate child support enforcement, it is sound policy to state explicitly that an employer who complies with the income-withholding order from another State is immune from civil liability.

SECTION 505. PENALTIES FOR NONCOMPLIANCE.

An employer who willfully fails to comply with an income-withholding order issued by another State and received for enforcement is subject to the same penalties that may be imposed for noncompliance with an order issued by a tribunal of this State.

Comment

Only an employer who willfully fails to comply with an interstate order should be subject to enforcement procedures. Local law is the appropriate source for the applicable sanctions.

SECTION 506. CONTEST BY OBLIGOR.

(a) An obligor may contest the validity or enforcement of an income-withholding order issued in another State and received directly by an employer in this State in the same manner as if the order had been issued by a tribunal of this State. Section 604 (Choice of Law) applies to the contest.

(b) The obligor shall give notice of the contest to:

(1) a support enforcement agency providing services to the obligee;

(2) each employer that has directly received an income-withholding order; and

(3) the person or agency designated to receive payments in the income-withholding order or if no person or agency is designated, to the obligee.

Comment

This section incorporates the law regarding defenses an alleged obligor may raise to an intrastate withholding order into the interstate context. Generally, States have accepted the IV-D requirement that the only viable defense is a "mistake of fact." 42 U.S.C. 666(b)(4)(A). This apparently includes "errors in the amount of current support owed, errors in the amount of accrued arrearage or mistaken identity of the alleged obligor" while excluding "other grounds, such as the inappropriateness of the amount of support ordered to be paid, changed financial circumstances of the obligor, or lack of visitation." H.R. Rep. No. 98-527, 98th Cong., 1st Sess. 33 (1983). The latter claims must be pursued in a separate legal action in the State having continuing, exclusive jurisdiction over the support order, not in a UIFSA proceeding.

After the employer receives a withholding order from another State, the first step is to notify the employee that income withholding for child support will begin within the time frame specified by state law, just as it would if the withholding order is received from a tribunal of the employer's State. It is the responsibility of the employee to take whatever protective measures are necessary to prevent the withholding if the employee asserts a defense.

This procedure is based on the assumption that defenses to income withholding for child support are few and far between. Experience has shown that only in a relatively few cases does an employee-obligor have a defense, i.e., the child has died, another contingency ending the support has occurred, the order has been superseded, or there is a case of mistaken identity and the employee is not the obligor. An employee's complaint that "The child support is too high" must be ignored. The employee's simplest, most efficient, cost-effective method to assert a defense is probably to register the

withholding order with a local tribunal and seek protection from that tribunal pending resolution of the contest. This may be accomplished through the obligor's employment of private counsel or by a request for services made to the child support enforcement agency of the responding State. In the absence of expeditious action by the employee to assert a defense and contest the request, however, the employer must begin income withholding in a timely fashion.

In contrast to the multiple-order system of RURESA, another issue the employee may raise is that the withholding order received by the employer is not based on the controlling child support order issued by the tribunal with continuing, exclusive jurisdiction, (see Section 207, supra). Such a claim does not constitute a defense to the obligation of child support, but does put at issue the identity of the order to which the employer must respond. Clearly the employer is in no position to make such a decision. When multiple orders involve the same obligor and child, as a practical matter resort to a responding tribunal to resolve a dispute over apportionment almost certainly is necessary.

SECTION 507. ADMINISTRATIVE ENFORCEMENT OF ORDERS.

(a) A party seeking to enforce a support order or an income-withholding order, or both, issued by a tribunal of another State may send the documents required for registering the order to a support enforcement agency of this State.

(b) Upon receipt of the documents, the support enforcement agency, without initially seeking to register the order, shall consider and, if appropriate, use any administrative procedure authorized by the law of this State to enforce a support order or an income-withholding order, or both. If the obligor does not contest administrative enforcement, the order need not be registered. If the obligor contests the validity or administrative enforcement of the order, the support enforcement agency shall register the order pursuant to this [Act].

Comment

This section authorizes summary enforcement of an interstate child support order through the administrative means available for intrastate orders. Under subsection (a), an interested party in another State, which necessarily may include a private attorney or a support enforcement agency, may forward a support order or income-withholding order to a support enforcement agency of the responding State. The term "responding State" in this context does not contemplate resort to a tribunal as an initial step.

Subsection (b) directs the support enforcement agency in the responding State to employ that State's regular administrative procedures to process an out-of-state order. Thus, a local employer accustomed to dealing with the local agency need not change

its procedure to comply with an out-of-state order. Similarly, the administrative agency is authorized to apply its ordinary rules equally to both intrastate and interstate orders. For example, if the administrative hearing procedure must be exhausted for an intrastate order before a contesting party may seek relief in a tribunal, the same rule applies to an interstate order received for administrative enforcement. Thereafter, the order may be registered with a tribunal for enforcement if that is the next step for an intrastate order, (see Sections 601-608, infra).

Appendix C-2
Federal legislation and regulations regarding child support

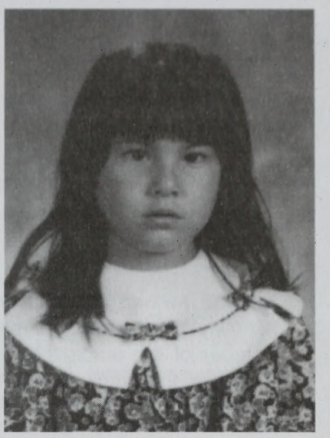
Federal legislation and regulations regarding child support legislation, regulations and interim final regulations can be accessed at the federal Office of Child Support Enforcement website: **http://www.acf.dhhs.gov/programs/cse/poldoc.htm.** The key statute and regulations affecting the Child Support Enforcement Program are:

I. Code of Federal Regulations: 45 CFR Chapter III
Contains all regulations regarding child support.

II. Social Security Act, Title IV, Part D:

Sec. 451	Appropriation
Sec. 452	Duties of the Secretary
Sec. 453	Federal Parent Locator Service
Sec.453A	State Directory of New Hires
Sec. 454	State plan for child and spousal support
Sec. 454A	Automated data processing
Sec. 454B	Collection and disbursement of support payments
Sec. 455	Payments to states
Sec. 456	Support obligations
Sec. 457	Distribution of collected support
Sec. 458	Incentive payments to states

Sec. 458A	Incentive payments to states
Sec. 459	Consent by the United States to income withholding, garnishment, and similar proceedings for enforcement of child support and alimony obligations
Sec. 459A	International support enforcement
Sec. 460	Civil actions to enforce support obligations
[Sec. 461	Repealed]
[Sec. 462	Repealed]
Sec. 463	Use of Federal Parent Locator Service in connection with the enforcement or determination of child custody and in cases of parental kidnapping of a child
Sec. 464	Collection of past-due support from federal tax refunds
Sec. 465	Allotments from pay for child and spousal support owed by members of the uniformed services on active duty.
Sec. 466	Requirement of statutorily prescribed procedures to improve effectiveness of child support enforcement (includes income withholding provisions)
Sec. 467	State guidelines for child support awards
Sec. 468	Encouragement of states to adopt simple civil process for voluntarily acknowledging paternity and a civil procedure for establishing paternity in contested cases
Sec. 469	Collection and reporting of child support enforcement data
Sec. 469A	Nonliability of financial institutions providing financial records to state child support enforcement agencies in child support cases
Sec. 469B	Grants to states for access and visitation programs



Appendix D: Multi-state employer notification form for new hire reporting

OMB Control No: 0970-0166
Expiration date: 11/30/2000

MULTISTATE EMPLOYER NOTIFICATION FORM FOR NEW HIRE REPORTING (OPTIONAL FORM)

Federal law requires employers to furnish to the State Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name, address and Federal Employer Identification Number (FEIN) of the employer (42 USC 653A(b)(1)(A)).

If you are an employer who has employees in two or more States AND you will transmit the required reports magnetically or electronically, Federal law allows you to comply with the new hire reporting requirement by exercising one of the following options (42 USC 653A(b)(1)(B)):

Option #1: Furnish the new hire report to the State Directory of New Hires of the State in which your newly hired employee works; or

Option #2: Designate one State in which any of your employees works and transmit ALL new hire reports to the State Directory of New Hires of that State.

If you select Option #2, you must notify the Secretary of the U.S. Department of Health and Human Services in writing of your choice to report to only one State and identify the chosen State (42 USC 653A(b)(1)(B)). The purpose of this optional form is to provide a convenient means for such notification. Multistate employers may also notify the Secretary by letter, fax machine, or Internet (see the last page for further instructions).

1. Federal Employer Identification Number(FEIN): _____ **2. Date:** __/__/__

3. (FEIN)Employer Name: _____

4. (FEIN) Employer Address: _____

_____

_____

City: _____ **State:** ____ **Zip:** _____

5. (FEIN) Phone Number: (____)_____

6. SUBSIDIARY INFORMATION:

FEIN: _____ **FEIN:** _____

Name: _____ **Name:** _____

State/ZIP: _____ **State/ZIP:** _____

OMB Control No: 0970-0166
Expiration date: 11/30/2000

7. Please enter the two-character abbreviation for the State, U.S. territory, or U.S. possession to which you will be submitting W-4 New Hire Data. The State that you designate must be a State in which you have one or more employees. (See State List below.) ☐☐

7a. Effective Date: ___/___/___

8. Please CIRCLE the two-character abbreviation for any other States, U.S. territories, or U.S. possessions that corresponds to your or your subsidiaries' employees' principal place of employment. Do not include the entry in Item 7 above.

AK=Alaska	GA=Georgia	MA=Massachusetts	ND=N. Dakota	PA=Pennsylvania	VT=Vermont
AL=Alabama	GU=Guam	MD=Maryland	NE=Nebraska	PR=Puerto Rico	WA=Washington
AR=Arkansas	HI=Hawaii	ME=Maine	NH=New Hamp.	RI=Rhode Island	WI=Wisconsin
AZ=Arizona	IA=Iowa	MI=Michigan	NJ=New Jersey	SC=S. Carolina	WV=W. Virginia
CA=California	ID= Idaho	MN=Minnesota	NM=New Mexico	SD=S. Dakota	WY=Wyoming
CO=Colorado	IL=Illinois	MO=Missouri	NV=Nevada	TN=Tennessee	
CT=Connecticut	IN=Indiana	MP=Marianas	NY=New York	TX=Texas	
DC=Dist. of Col.	KS=Kansas	MS=Mississippi	OH=Ohio	UT=Utah	
DE=Delaware	KY=Kentucky	MT=Montana	OK=Oklahoma	VA=Virginia	
FL=Florida	LA=Louisiana	NC=N. Carolina	OR=Oregon	VI=Virgin Islands	

9. Contact Name: _____

Title: _____

Phone: _____

Email: _____

Fax: _____

Signature of Person Completing this form: _____

THE PAPERWORK REDUCTION ACT OF 1995

Public reporting burden for this collection of information is estimated to average 3 minutes per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

OMB Control No: 0970-0166
Expiration date: 11/30/2000

NOTE: COMPLETE THIS FORM ONLY IF YOUR COMPANY HAS EMPLOYEES IN MORE THAN ONE STATE AND YOU CHOOSE TO REPORT ELECTRONICALLY OR MAGNETICALLY TO ONLY ONE STATE.

INSTRUCTIONS FOR COMPLETING THIS FORM:

Item 1. Enter your company's Federal Employer Identification Number. This is the number used by the IRS to identify your company.

Item 2. Enter today's date in MM/DD/YYYY format, e.g., 09/23/1997.

Item 3. PRINT your company's name. This is the name associated with the FEIN in Item 1.

Item 4. PRINT your company's address, including city, State, and zip code. This is the address associated with the FEIN in Item 1. If your company's FEIN address is a foreign address, PRINT the two-character Country Code, the Country Name, and the Country Zip Code.

Item 5. Enter your company's phone number, including area code. This is the phone number associated with the FEIN in item 1.

Item 6. Enter the FEIN the name, state, and zip code of any subsidiaries, divisions, autonomous operating units, etc. of your company that have their own FEIN and for whom you will be reporting New Hire W-4 information. If there are more than two entries, please list the others on a separate piece of paper.

Item 7. PRINT the two-character abbreviation for the State, U.S. territory, or U.S. possession to which your company has chosen to report New Hire W-4 information. Note: The State that you designate must be a State in which you have one or more employees. Refer to the State listing shown on the form.

Item 7a. Enter the effective date (MM/DD/YYYY) on which your company will begin sending New Hire W-4 information to the entry shown in Item 7.

Item 8. Wherever your company or any of the subsidiaries you named in Item 6 have employees, other than the State, U.S. territory, or U.S. possession shown in Item 7, CIRCLE in the listing the applicable two-character State, U.S. territory, or U.S. possession abbreviations shown.

Item 9. PRINT your name, title, work phone number (if different from the Company phone number entered in Item 5), work Email address, and work fax address. **BE SURE TO SIGN THE FORM.** The information in this Item is used to acknowledge receipt of your notification and to contact you if any clarification is needed.

Send the completed form to:

Department of Health and Human Services
Administration for Children and Families
Office of Child Support Enforcement
Multistate Employer Notification
P.O. Box 509
Randallstown, MD 21133

OR Fax the completed form to:

Department of Health and Human Services
Administration for Children and Families
Office of Child Support Enforcement
Multistate Employer Notification
1-410-277-9325

If you need assistance in completing this form, call 1-410-277-9470 (9:00 a.m. – 5:00 p.m. EST); for general information, call 1-202-401-9267.

Appendix E
Children's Health Insurance Program (CHIP)

Affordable Health Insurance is Now Here for Kids Who Need It

This year, a new nationwide health insurance program is beginning. Now, most families who work hard to make ends meet can get low-cost or free health insurance for their children.

Each state is developing its own Children's Health Insurance Program to make health care more affordable. In addition, Medicaid now provides free health coverage to most low-income children.

Health Insurance Matters

Children with health insurance are more likely to:

- Be healthy as newborns,
- Receive needed immunizations as toddlers, and
- Get treatment for illnesses such as recurring ear infections and asthma.

Without treatment, these diseases can slow a child's learning and have lifelong consequences.

Too Many Kids Are Uninsured

One out of every seven children in America is uninsured. This could be the child who plays with yours at school, the child next door, or your own child. Why?

- Too expensive. Private insurance can cost families thousands that they cannot afford.
- Don't know about options. Even though affordable health care is available to many working families, too few parents know about their options.

These Children Need Your Help

We encourage all concerned Americans to join this public-private campaign to insure American children. You can help. Please:

- Learn about your state programs. All States have Medicaid programs for children and most states have begun their new Children's Health Insurance Programs. Find out who is eligible for assistance and how families can apply.
- Educate others. Tell friends, relatives, parents you meet at work, and all other working families whose children or grandchildren may be uninsured about these options.
- Community efforts. There are many groups around the nation that are involved in children's health outreach. If you are interested, you may wish to contact one of these organizations for information and ideas on how you and your community can become more involved.

Toll-free national information line: 1-877-KIDS-NOW (1-877-543-7669)

Region	State	Regional Contacts	Phone Numbers
Boston - I	Connecticut Maine Massachusetts New Hampshire Rhode Island Vermont	Maureen Farley Chong Tieng Bethzaida Rodriguez	(617) 565-1248 (617) 565-9157 (617) 565-9157
New York - II	New Jersey New York Puerto Rico Virgin Islands	Nicole McKnight	(212) 264-2590
Philadelphia - III	Delaware District of Columbia Maryland Pennsylvania Virginia West Virginia	Jean Maldonado Rosemary Field	(215) 861-4252 (215) 861-4278
Atlanta - IV	Alabama Florida Georgia Kentucky Mississippi North Carolina South Carolina Tennessee	Andriette Johnson	(404) 562-7410
Chicago - V	Illinois Indiana Michigan Minnesota Ohio Wisconsin	Faith Covici	(312) 353-7385

Region	State	Regional Contacts	Phone Numbers
Dallas - VI	Arkansas Louisiana Oklahoma New Mexico Texas	Gary Martin Tina Cheatham	(214) 767-3537 (214) 767-6497
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Seattle - X	Alaska Idaho Oregon Washington	Liz Trias	(206) 615-2400

Appendix F
Glossary

ADMINISTRATIVE PROCEDURE
Method by which support orders are made and enforced by an executive agency rather than by courts and judges.

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)
Former entitlement program that made assistance payments on behalf of children who did not have the financial support of one of their parents by reason of death, disability, or continued absence from the home; known in many states as ADC (Aid to Dependent Children). Replaced with Temporary Assistance for Needy Families (TANF) under PRWORA.

ALLOWABLE DISPOSABLE INCOME
The amount of disposable income that is subject to child support withholding. This is the maximum amount available for child support withholding, and is calculated by applying CCPA limits to the disposable income.

ARREARAGE
Past due, unpaid child support owed by the noncustodial parent. If the parent has arrearages, s/he is also said to be "in arrears."

ASSIGNMENT OF SUPPORT RIGHTS
The legal procedure by which a person receiving public assistance agrees to turn over to the state any right to child support, including arrearages, paid by the obligated parent in exchange for receipt of a cash assistance grant and other benefits.

GARNISHMENT
A legal proceeding under which part of a person's wages and/or assets is withheld for payment of a debt. The term usually applies to an involuntary withholding.

GENETIC TESTING
Analysis of inherited factors based on DNA. Used in the child support community to determine legal fatherhood or paternity.

GUIDELINES
A standard method for setting child support obligations based on the income of the parent(s) and other factors as determined by state law.

IMMEDIATE WAGE WITHHOLDING
Automatic deductions from income which start as soon as the agreement for support is established (see income withholding).

IMPUTED INCOME
Fringe benefits provided to employees that must be counted as additional income subject to taxation, but not counted as additional income for calculation of disposable income for child support purposes.

INCOME
As defined by PRWORA, income is any periodic form of payment to an individual, regardless of source, including wages, salaries, commissions, bonuses, workers' compensation, disability, pension or retirement program payments and interest. All income is subject to income withholding for child support, pursuant to a child support order, but is protected by Consumer Credit Protection Act limits, both state and federal.

IV-D
Reference to Title IV-D of the Social Security Act, which required that each state create a program to locate noncustodial parents, establish paternity and support, enforce support obligations, and collect and distribute support payments. All recipients of public assistance (usually TANF) are referred to their state's IV-D child support program. States must also accept applications from families who do not receive public assistance if requested to assist in collection of child support. Pronounced "four-dee."

JURISDICTION
Legal authority which a court or administrative agency has over particular persons, certain types of cases, and in a defined geographical area.

LEGAL FATHER
A man who is recognized by law as the male parent.

LOCATE
Process by which a noncustodial parent or putative (alleged) father is found for the purpose of establishing paternity, establishing and/or enforcing a child support obligation, establishing custody or visitation rights, processing adoption or foster care cases, and investigating parental kidnapping.

MEDICAL SUPPORT
Form of child support where medical or dental insurance coverage is paid by the non-custodial parent. Depending on the court order, medical support can be a noncustodial parent's sole financial obligation, or it can be one of several obligations, with child and/or spousal support being the others.

MULTI-STATE EMPLOYER
An organization that hires and employs people in two or more states. The multi-state employer conducts business within each state and the employees are required to pay taxes in the state where they work. Additional new hire reporting options are available to multi-state employers.

NATIONAL AUTOMATED CLEARING HOUSE ASSOCIATION (NACHA)
The association that establishes the standards, rules and procedures that enable financial institutions to exchange payments on a national basis.

NEW HIRE REPORTING
Program that requires that all employers report newly hired employees to the State Directory of New Hires (SDNH) in their state. This data is then submitted to the National Directory of New Hires (NDNH), where it is compared against child support order information for possible enforcement of child support obligations by income withholding. Some data is also made available to states to find new hires that have been receiving unemployment and other benefits for which they may no longer be eligible, helping states reduce waste and fraud.

OBLIGATION

Amount of money to be paid as child support by the responsible parent and the manner by which it is to be paid.

OBLIGEE

The person to whom a debt is owed.

OBLIGOR

The person who owes a debt. In child support, the obligor is the person (noncustodial parent) ordered to pay child support; the child support payment is his/her obligation.

OFFICE OF CHILD SUPPORT ENFORCEMENT (OCSE)

This is the federal government agency created by the enactment of Title IV-D of the Social Security Act in 1975. It is housed in the U.S. Department of Health and Human Services, Administration for Children and Families. OCSE is responsible for development of child support policy; oversight, evaluation, and audits of state child support enforcement programs; and providing technical assistance and training to the state programs. OCSE developed the standardized withholding order/notice form. This agency operates the Federal Parent Locator Service and the National Directory of New Hires.

Office of Child Support Enforcement
370 L'Enfant Promenade, S.W.
Washington, DC 20447

OFFSET

Amount of money taken from a parent's state or federal income tax refund to satisfy a child support debt.

OMNIBUS BUDGET RECONCILIATION ACT OF 1993 (OBRA '93)

This legislation contains major provision for insurance providers and employers who offer dependent coverage of children. It also created Qualified Medical Child Support Orders (QMCSOs), a tool to get around ERISA preemption problems.

ORDER

Direction of a magistrate, judge, or properly empowered administrative officer.

ORDER/NOTICE TO WITHHOLD CHILD SUPPORT

The form to be used by all states that will standardize the information used to request income withholding for child support. According to the Uniform Interstate Family Support Act (UIFSA), this form may be sent directly from the initiating state to a noncustodial parent's employer in another state.

PATERNITY

Legal determination of fatherhood. Paternity must be established before child or medical support can be ordered.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996 (PRWORA)

Also known as "welfare reform." This legislation provides a number of requirements for employers, public licensing agencies, and financial institutions, as well as state and federal child support agencies, to assist in the location of noncustodial parents and the collection of child support.

PUBLIC ASSISTANCE

Money granted from the state/federal Temporary Assistance to Needy Families (TANF) program to a person or family for living expenses; eligibility based on need.

QUALIFIED MEDICAL CHILD SUPPORT ORDER (QMCSO)

An order, decree or judgment, including approval of a settlement agreement, issued by a court or administrative agency of competent jurisdiction, that provides for medical support for a child of a participant under a group health plan or provides for health benefit coverage to such child.

SPOUSAL SUPPORT

Court-ordered support of a spouse or ex-spouse; also referred to as maintenance or alimony.

STATE DISBURSEMENT UNIT (SDU)

The single site for child support payment processing in each state. Upon implementation of centralized collections, each state will designate its State Disbursement Unit, or SDU, to which all withheld child support payments should be sent.

STATE PARENT LOCATOR SERVICES (SPLS)

A service operated by the state Child Support Enforcement Agencies to locate noncustodial parents to establish paternity, and establish and enforce child support obligations.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

Time-limited assistance payments to poor families. Created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the program provides parents with job preparation, work and support services to help them become self-sufficient. TANF replaces the Aid to Families with Dependent Children (AFDC) welfare program.

UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA)

Laws enacted at the state level to provide mechanisms for establishing and enforcing child support obligations in interstate cases (when a noncustodial parent lives in a different state than his/her child and the custodial parent). Based on model legislation that was drafted by the National Conference of Commissioners on Uniform State Laws to revise and replace URESA and RURESA. The act provides for sending withholding orders to employers across state lines.

UNIFORM RECIPROCAL ENFORCEMENT OF SUPPORT ACT (URESA)

A law that was enacted at the state level to provide a mechanism for establishing and enforcing support obligations when the noncustodial parent lives in one state and the custodial parent and child(ren) live in another state; predates UIFSA.

WAGE ASSIGNMENT

A voluntary agreement by an employee to transfer (or assign) portions of future wage payments (e.g. insurance premium deductions, credit union deductions) to pay certain debts, such as child support.

WAGE WITHHOLDING

A procedure by which scheduled deductions are automatically made from wages or income to pay a debt such as child support; may be voluntary or involuntary. Also known as income withholding, wage attachment, and withholding from earnings.

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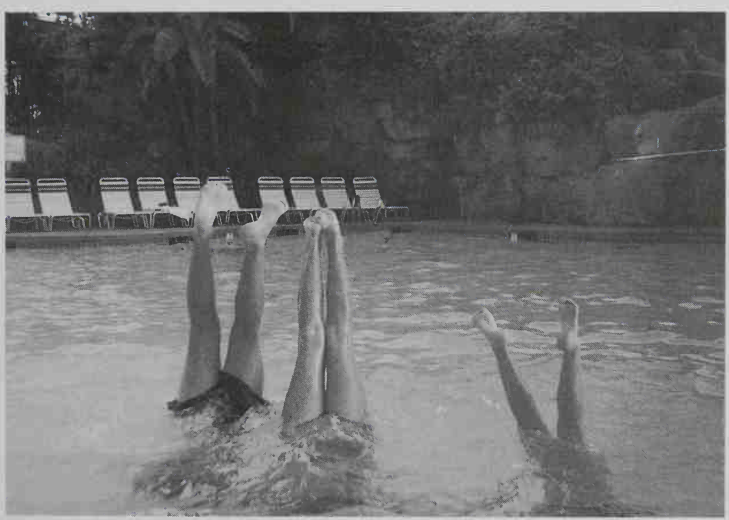

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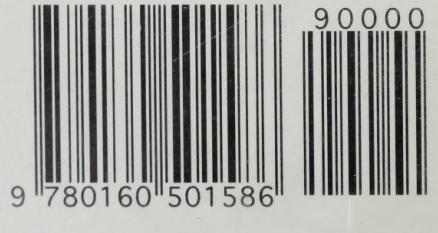
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